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Report of the  
**NEW ZEALAND  
LOTTERY  
GRANTS  
BOARD**

TE PUNA TAHUA

for the year ended  
30 June 2004



NEW ZEALAND

**Lottery Grants Board**

TE PUNA TAHUA  
*Funded from the profits of Lotto*

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*Presented to the House of Representatives Pursuant to  
Section 116z of the Gaming and Lotteries Act 1977*

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Report of the

# NEW ZEALAND LOTTERY GRANTS BOARD

Te Puna Tahua

for the year ended  
30 June 2004

Minister of Internal Affairs

WELLINGTON

In accordance with section 116z of the Gaming and Lotteries Act 1977, I present the report of the New Zealand Lottery Grants Board and of each distribution committee for the 12 months ended 30 June 2004 together with a copy of the accounts of the profits of New Zealand Lotteries for the same period, certified by the Auditor-General.

## ANNUAL ACCOUNTS

The New Zealand Lottery Grants Board is a Crown Entity under the Public Finance Act 1989. As such it is required to prepare annual financial statements under Part V of the Act.

The role of the Board is to determine the proportions in which the profits of New Zealand Lotteries are allocated for distribution.

New Zealand lotteries are conducted under Part VII of the Gaming and Lotteries Act 1977 by the New Zealand Lotteries Commission. The profits of New Zealand lotteries are paid by the New Zealand Lotteries Commission into a bank account operated by the Secretary for Internal Affairs under section 116u of the Gaming and Lotteries Act 1977. Grants and miscellaneous expenditure are paid out of this bank account by the Secretary, who is required to keep full accounts and to submit those accounts to the Audit Office each year.

After audit, the Secretary forwards the audited accounts to the Board. A copy of the audited accounts for the year ending 30 June 2004 is set out in the report.

Christopher Blake  
Secretary for Internal Affairs

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# NEW ZEALAND LOTTERY GRANTS BOARD

## Te Puna Tahua

### MEMBERS

*Hon George Hawkins, Minister of Internal Affairs (Presiding Member)*

*Lindsay Tisch MP (Leader of the Opposition's Representative)*

*Phil Harington*

*Garth Nowland-Foreman*

*Josie Karanga*

*Ann Hartley, MP (Prime Minister's Representative)*

### VISION

Making a positive difference in New Zealand communities.

Arā kē noa atu ngā painga ka puta ki ngā papakāinga o Aotearoa

### MISSION

To ensure empowered communities, community well-being and a sense of nationhood, and Treaty of Waitangi obligations are fulfilled.

Ki te āta titiro ka whakamanatia ngā hapori, ka whai oranga te hapori me te whai i te whakaaro he iwi; ā ka whakatutukingia ngā herenga o Te Tiriti o Waitangi.

### KAUPAPA

The Lottery Grants Board recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana Te Puna Tahua i ngā wawata me ngā hiahia o te iwi Māori, me ō rātou tikanga.

### OUTPUTS

In 2003-4, the Lottery Grants Board allocated:

- (i) \$5,494,300 to **Lottery Environment and Heritage** to foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage;
- (ii) \$6,182,000 to **Lottery General** to help New Zealanders to achieve their national and community goals by funding sectors and projects of national, regional or local significance;
- (iii) \$414,000 to the **Lottery General Pacific Provider Development Subcommittee** to fund the development of the organisational capacity of Pacific groups providing social services to their communities;
- (iv) \$1,914,300 to **Lottery Health Research** to improve the health status of New Zealanders through research;

- (v) \$4,135,000 to **Lottery Marae Heritage and Facilities** to develop and conserve marae facilities;
- (vi) \$2,958,000 to **Lottery Seniors** to enhance the well-being of older people;
- (vii) \$10,506,000 to **Lottery Welfare** to enhance the well-being of New Zealanders and their communities;
- (viii) \$3,034,000 to the **Lottery Welfare Individuals with Disabilities Subcommittee** to enhance the quality of life of individuals with a disability;
- (ix) \$4,949,000 to **Lottery Youth** to actively support young people to enable them to develop their potential;
- (x) \$150,000 to the **Minister of Internal Affairs** to distribute for charitable purposes outside the scope of the lottery distribution committees;
- (xi) \$24,737,000 to **Sport and Recreation New Zealand** to improve the quality of life of all New Zealanders through participating and achieving in sport and active leisure;
- (xii) \$3,480,000 to the **High Performance Sports Fund**<sup>1</sup> to support the development of Olympic and Commonwealth Games sports and upcoming sports people;
- (xiii) \$18,553,000 to **Creative New Zealand** to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders;
- (xv) \$914,000 to the **Arts Foundation of New Zealand**<sup>2</sup> to ensure that all individuals, groups, organisations and projects in all art forms and cultures of New Zealand may reach, achieve and perform to their full potential at the highest levels of artistic expression;
- (xvi) \$8,634,000 to the **New Zealand Film Commission** to contribute to the creation of cultural capital in Aotearoa/New Zealand through popular feature films, including \$594,000 to the **Film Archive** for the collection and conservation of New Zealand's film heritage.

## PRESIDING MEMBER'S REPORT

In 2003-4, the Lottery Grants Board allocated a total of \$96,054,600 to Lottery distribution committees and to the statutory bodies in accordance with the Gaming and Lotteries Act 1977. This allocation is made up of: \$39,736,600 to Lottery distribution committees and \$56,318,000 to statutory bodies. The money was distributed for a wide range of social and community services and facilities, arts and heritage, sport and recreation, and health research.

<sup>1</sup> The High Performance Sports Fund is distributed by the Sports Foundation on behalf of Sport and Recreation New Zealand. This funding is additional to the funds allocated to the Foundation by Sport and Recreation New Zealand from its core lottery allocation.

<sup>2</sup> The Arts Foundation of New Zealand is an independent charitable trust that is a client of Creative New Zealand. This amount was granted to the Foundation via Creative New Zealand.

**Lottery Grants Board initiatives**

The Board undertook strategic planning in 2003-4 and produced the Lottery Grants Board Statement of Intent, which will provide strategic leadership for the next three years (2004-5 to 2007-8). The Statement of Intent outlines the key environmental challenges and opportunities that may help or hinder the achievement of the Board's purpose. The Statement of Intent will be used to measure performance by identifying the critical success factors that will demonstrate whether the Board has achieved its intended actions.

A Board Liaison Member and a number of Presiding Members attended the third Funding Forum in Wellington in April. The forum brought together representatives from other community funding organisations, and enabled the Board to continue to work more strategically with other funders.

**Legislative change**

The 2003-4 year is the last year that lottery profits will be distributed under the Gaming and Lotteries Act 1977. The new Gambling Act came into effect on 1 July 2004. The Gambling Act redefines the Board's focus from funding traditional charitable purposes to funding community purposes. The new definition will mean that funding will contribute towards the building of strong sustainable communities. The needs of Māori, older people, Pacific people and other ethnic communities, women, youth, and people with disabilities will also be represented. Under the Act, distribution committees must comply with the policies and directions of the Board. This will allow for a greater consistency across committees and will support the introduction of simplified application and accountability measures.

**Grants Online**

The Internet-based system, Grants Online (GOL) went live in November 2003. GOL has been developed by the Department of Internal Affairs as an administrative tool to enable a more efficient processing of Lottery applications and to allow grant information to be more accessible for the community. This will in turn reduce compliance and administration costs. The design of GOL accommodates future changes to elements such as application forms, policy and structures.

By June 2004, a total of 973 grants had been entered online – more than half of all social sector applications. In the 2004-5 year, GOL is to build the capability for online application to non-social sector committees. In 2005-6, the Community Organisation Grants Scheme will be integrated into GOL, and GOL reporting and accountability systems will be developed.

**Looking to the future**

The Lottery Future Directions project looks at policy and structural options to gain efficiencies, plan effectively and strategically, identify the needs of local communities and engage with other funding agencies. 2003-4 saw work towards setting up a new distribution structure, for implementation from 1 July 2004.



**New Committee structure**

The Lottery Community Committees were established on 1 July 2004. They are to consider applications relating to youth, seniors, welfare and general issues. The National Community Committee is to consider applications that have a national focus, or where applicants are national organisations, and the eleven Regional Community Committees are to consider applications that have a more local focus.

This simplified community-based structure, with fewer meetings and a streamlined administration process, will reduce administrative costs, freeing up more money for distribution to communities. The structure will also allow committees to work more closely with local communities on local issues and towards long-term community development.

Following representations from the four major outdoor safety groups (the New Zealand Mountain Safety Council, Royal New Zealand Coast Guard Federation, Water Safety New Zealand, and Surf Lifesaving New Zealand) expressing concern about the security of the funding in the new structure, the Lottery Outdoor Safety Committee has been established, as of 1 July 2004. In order to minimise the cost of this additional committee, it is to comprise the same membership as the new Lottery National Community Committee.

I would like to thank Paul Curry, Secretary for the New Zealand Lottery Grants Board from 1999 to 2004, and outgoing presiding members and committee members, for their valuable contributions to the Board, and thereby to the New Zealand community. As we move towards an outcomes focus, I look forward to the new committee structure to continue to be responsive to the diverse needs of the New Zealand community.

Hon George Hawkins  
Minister of Internal Affairs  
Presiding Member, New Zealand Lottery Grants Board



## LOTTERY ENVIRONMENT AND HERITAGE

### Te Tahua Taiao Ngā Taonga Tuku Iho

#### MEMBERS

*Bernardine Pool (Presiding Member)*

*Lynne Fegan*

*Gail Tipa*

*Vern Walsh*

*Lorraine Wilson*

*Board Liaison Member: Garth Nowland-Foreman*

#### VISION

To be an effective source of discretionary funding for community-initiated natural, physical and cultural heritage projects.

#### MISSION

To foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage.

#### OUTPUTS

In 2003-4, the Lottery Grants Board allocated \$5,494,300 to Lottery Environment and Heritage to distribute as grants for

- (i) natural heritage projects;
- (ii) physical heritage projects;
- (iii) cultural heritage projects.

#### KAUPAPA

Lottery Environment and Heritage recognises the aspirations and needs of Māori, and their protocols.

E whakataua ana te Tahua Taiao Me Ngā Taonga Tuku Iho i ngā hiahia me ngā tūmanako o te Māori me o rātou kawa.

|   |  |   |
|---|--|---|
| <b>2003-4 ALLOCATION</b>  | <b>\$ 5,494,300</b>                              |   |
| Brought forward from the 2002-3 allocation                              | \$50   |   |
| Grants written back during 2003-4                                       | \$79,052   |   |
| Grants refunded during 2003-4   | \$5,634  |   |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>                          | <b>\$ 5,579,036</b>                              |   |
| Total amount requested  | \$21,124,425                                     |   |
| Total amount approved   | \$ 5,579,036                                     |   |
| Percentage of amount requested that was approved                        | 26.4%  |   |
| Number of applications considered                                       | 282  |   |
| Number of applications approved   | 193  |   |
| Proportion of applications approved                                     | 68.4%  |   |
| Smallest grant  | \$455  |   |
| Average grant   | \$28,610   |   |
| Largest grant   | \$400,000  |   |
| <b>Timeliness</b>   | <b>Number of distribution meetings scheduled</b> | <b>Number of distribution meetings held</b> |
|   | <b>4</b>   | <b>4</b>                                    |
| Grant monitoring is now discussed in the Secretary's report on page 44. |  |   |

## PRESIDING MEMBER'S REPORT

The Lottery Environment and Heritage Committee contributes to the Lottery Grants Board mission to ensure empowered communities, community well-being and a sense of nationhood, by funding projects which foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage.

The Committee, one of the few national funding sources for heritage projects, supports a significant number of building restoration, museum development and environmental projects. In addition, the Committee funds a number of small community projects such as local historical publications and oral histories.

### Level of funding

The year saw no increase in the allocation from the Lottery Grants Board for discretionary purposes. The Committee did not make any policy changes during the year. Instead it continued to consider each application on its own merits. Applicant groups, especially those seeking large amounts, were advised of the level of funding available.

### **Application process**

The Committee continued its practice of meeting four times a year, in roughly three-month cycles. It has also continued to seek advice from the History Group of the Ministry of Culture and Heritage on research, writing and publication requests, and the New Zealand Historic Places Trust on physical heritage projects.

### **Value to, and impact on, the community**

As always, the Committee received a wide range of applications from throughout the country. It believes that its funding decisions will enable New Zealanders to have access to aspects of their own heritage from falcons to forests, from trains to oral histories, and from historic buildings to art galleries. The Committee continues to be impressed and delighted by the energy, skills and resourcefulness of all the organisations that take on these important tasks.

### **Grants made**

The new Tauranga Civic Art Gallery Trust applied for assistance with the renovation and refit costs of the former BNZ building as an art gallery. The gallery will host touring exhibitions, borrow items from public and private collections for display, and curate a wide range of exhibitions. A range of community educational projects will also be developed and undertaken in the gallery, and it is planned to accommodate a permanent collection. The Committee granted \$250,000 to the Trust from its cultural portfolio.

A notable grant from the physical heritage portfolio was a \$100,000 award to the Crichton Cobbers Youth Club in Christchurch. It assisted with seismic strengthening of the McKenzie Hall, formerly the malt house and malt kilns of the historic 1860 Wards Brewery. The Youth Club has used the building for almost fifty years.

From the environment portfolio, \$156,000 went to the Chatham Islands Taiko Trust. It is to establish a breeding ground for the Chatham Island taiko (Magenta Petrel, *Pterodroma magentae*), one of the most endangered seabirds in the world; there are currently only 120 living Chatham Island taiko.

### **Responsiveness to Māori**

A total of 18 grants were made by the Committee to Māori applicant groups, totalling \$346,727 over the course of the year.

Grants of note made during the year include:

- \$58,000 to Te Runaka O Awarua of Bluff for the recording of oral histories and production of a scientific research database for the conservation of the Bluff oyster;
- \$55,000 to the Nga Runuku Marae Cooperative Society of Turangi to assist with the restoration of the wetland at the southern edge of Lake Taupo;
- \$13,000 to Pirirakau Inc. of Tauranga towards the filming of traditional kōrero, pakiwaitara and waiata from the Pirirakau rohe, part of Ngati Ranginui iwi; and
- \$70,800 to Lake Waikaremoana Hapū Restoration Trust for predator control work and a kiwi management programme on the Puketukutuku Peninsula. This project involves the whole community, including local school pupils.

**Responsiveness to Pacific Island groups**

The Committee received one application during the year from a group seeking to preserve colonial buildings constructed by the New Zealand Government on Mangaia in the Cook Islands. \$10,000 was granted to assist with the preparation of a conservation plan for the building that housed the Government's representatives.

The Committee has noted an increase in the number of applications from groups that would previously have applied to Lottery Community Facilities. The Committee is aware that this funding is no longer available. Careful eligibility screening of applications has managed this issue.

Bernardine Pool  
Presiding Member  
Lottery Environment and Heritage Distribution Committee

## LOTTERY GENERAL Te Tahua Whānui

### MEMBERS

*Scott Simpson (Presiding Member)*

*William Hanley*

*Ngareta Jones*

*Tuiataga Fa'afua Leavasa-Tautolo*

*Peter Osborne*

*Board Liaison Member: Phil Harington*

### MISSION

We will help New Zealanders to achieve their national and community goals by funding sectors and projects of national, regional or local significance.

### OUTPUTS

1. In 2003-4, the Lottery Grants Board allocated **\$6,182,000** to Lottery General to distribute as grants for
  - (i) one-off projects of national, regional or local significance which are outside the scope or criteria of the other lottery distribution committees;
  - (ii) outdoor safety education/training and search and rescue programmes.
2. In 2003-4, grants from the Lottery General Millennium Subcommittee<sup>1</sup> totalling \$1037.35, and from the Lottery General International Year of Volunteers Subcommittee<sup>2</sup> totalling \$11,240 were either refunded or written back. These funds were then transferred back to the Lottery Grants Board accumulated funds for further distribution.
3. The Lottery Grants Board also allocated Lottery General \$414,000 toward the Pacific Provider Development Fund to assist with the development of the organisational capacity of Pacific Social Service Providers.

<sup>1</sup> The Lottery General Millennium Subcommittee, established in 1998-9 to distribute the Lottery Grants Board allocation to projects celebrating the Millennium, was wound up in October 2000. Its Presiding Member, Colin Harman, is responsible for overseeing the expenditure and change of grant conditions until all of the Millennium funds have been accounted for.

<sup>2</sup> The Lottery General International Year of Volunteers Subcommittee, established in 1999-2000 to distribute the Lottery Grants Board allocation to projects celebrating the United Nations International Year of Volunteers, was wound up in November 2001. Its Presiding Member, Te Ewi Mihaka, was responsible for overseeing the change of grant conditions.

|  |                     |
|--|---------------------|
| <b>2003-4 ALLOCATION</b>                       | <b>\$ 6,182,000</b> |
| Brought forward from the 2002-3 allocation     | \$11,425            |
| Grants written back during 2003-4              | \$186,447           |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b> | <b>\$ 6,379,872</b> |

|  |              |
|--|--------------|
| Total amount requested                           | \$10,702,395 |
| Total amount approved                            | \$ 6,379,872 |
| Percentage of amount requested that was approved | 59.6%        |

|                                     |       |
|-------------------------------------|-------|
| Number of applications considered   | 21    |
| Number of applications approved     | 17    |
| Proportion of applications approved | 81.0% |

|                |             |
|----------------|-------------|
| Smallest grant | \$5,000     |
| Average grant  | \$375,286   |
| Largest grant  | \$1,865,000 |

|                   |  |   |
|-------------------|--|---|
| <b>Timeliness</b> | <b>Number of distribution<br/>meetings scheduled</b> | <b>Number of distribution<br/>meetings held</b> |
|                   | <b>4</b>   | <b>2</b>  |

Grant monitoring is now discussed in the Secretary's report on page 44.

## PRESIDING MEMBER'S REPORT

Lottery General contributes to the Lottery Grants Board mission to ensure community well-being by funding sectors and projects of national, regional or local significance. The distribution committee provides funding for projects that are outside the criteria or scope of other distribution committees.

The role of Lottery General is to be taken up by the new Lottery Community Committees. The last meeting of the Lottery General Committee was held on 27 November 2003. The Committee was formally disestablished on 30 June 2004.

### Application process

From 1 July 2004 applications that would have gone to Lottery General will go to the new Lottery National Community Committee and the new Lottery Outdoor Safety Committee if they continue to be eligible.

**Impact on the community**

There were a number of notable grants demonstrating the Committee's strong interest in distributing most of its funding to community-based initiatives. Lottery General was pleased to be part of the many great community initiatives around the country that have been considered and funded over the years.

During the year the Presiding Member was invited to meetings with other funders in endeavours to co-ordinate funding in the community.

**Responsiveness to Māori**

Lottery General contributes to the Lottery Grants Board kaupapa of recognising the aspirations and needs of Māori. It approved funding to two Māori groups at its last meeting.

**Responsiveness to Pacific peoples and other ethnic and community groups**

The Lottery General Committee continued to support Pacific peoples and other ethnic and community groups by providing a management role to the Pacific Provider Development and Millennium Subcommittees until 30 June 2004.

**Grants of note**

The Committee approved a grant of \$20,000 to the Carter Observatory in Wellington for the redevelopment of the observatory's website. The proposed new website will be designed as an astronomy and space resource with a definite New Zealand flavour reflecting the ethnic makeup of New Zealand.

The Committee has regarded education programmes to be the most effective means of reducing outdoor safety risks and thus improving overall outdoor safety standards, and accordingly considers applications from non-profit-making organisations for outdoor safety education and search and rescue operations. The Committee approved a grant of \$1,037,000 to The Royal New Zealand Coastguard Federation Inc. for its national operations and a \$129,600 grant for the equipment costs of its 33 affiliates.

Scott Simpson  
Presiding Member  
Lottery General Distribution Committee



## LOTTERY GENERAL PACIFIC PROVIDER DEVELOPMENT SUBCOMMITTEE

### MEMBERS

*Gardenia Atimalala (Presiding Member)*

*Lea Cowley*

*Tuiataga Fa'afua Leavasa-Tautolo*

*Loudeen Parsons*

*Peta Si'uilepa*

*Tui Tararo*

### OUTPUTS

In 2003-4, the Lottery Grants Board allocated \$414,000 to the Lottery General Pacific<sup>1</sup> Provider Development Subcommittee to distribute as grants.

#### 2003-4 ALLOCATION \$ 414,000

Brought forward from the 2002-3 allocation \$992

Grants written back during 2003-4 \$30,670

#### TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION \$ 445,662

Total amount requested \$1,078,265

Total amount approved \$230,959

Percentage of amount requested that was approved 21.4%

Number of applications considered 137

Number of applications approved 70

Proportion of applications approved 51.1%

Smallest grant \$1,000

Average grant \$3,299

Largest grant \$10,000

#### Timeliness

#### Number of distribution meetings scheduled

1

#### Number of distribution meetings held

1

Grant monitoring is now discussed in the Secretary's report on page 44.

<sup>1</sup> As from July 10 2003, the word "Islands" was dropped from the Subcommittee's name.

## **PRESIDING MEMBER'S REPORT**

The Lottery General Pacific Provider Development Subcommittee contributes to the Lottery Grants Board mission to ensure community well-being by funding the development and strengthening of Pacific community groups and social service providers.

### **Level of funding**

At its only meeting in the year, of the 137 applications received, the Subcommittee considered 99 eligible applications requesting a total of \$790,899. The Subcommittee approved 70 of these, granting a total of \$230,959.

### **Impact on the Pacific community**

The Subcommittee noted the diverse nature of Pacific community groups and social service providers that had applied for training assistance and decided on the following funding priority groups so as to maximise the benefits to Pacific communities:

- Youth groups
- Groups in provincial towns and outlying rural regions
- Informal community groups with no legal status
- Licensed pre-school language nests (A'oga Amata)
- Established and well-recognised Pacific social service providers

### **Grants of note**

The Subcommittee approved a grant of \$5,000 to the Fono A Samoa I Palmerston North Inc. for training in several areas of group management including financial procedures, committee member roles and planning skills. This group has excellent local Pacific community networks and provides critical social services in this rural Pacific community. It currently has about 150 members and will use this training to strengthen its own group structures and then pass the knowledge gained on to other members of the Palmerston North and neighbouring Pacific communities.

The Subcommittee approved a grant of \$4,000 to the Tafesilafa'i Pre School Pacific language nest in Christchurch for training in financial and personnel management. This Pacific language nest is one of five licensed Pacific preschools in Christchurch and has been operating for almost ten years.

### **Financial situation**

Currently \$214,703 remains in the Pacific Provider Development Subcommittee Fund.

Gardenia Atimalala

Presiding Member

Lottery General Pacific Provider Development Subcommittee

## LOTTERY HEALTH RESEARCH Te Tahua Rangahau Hauora

### MEMBERS

*Professor Linda Holloway (Presiding Member)*

*Professor Tim Anderson*

*Professor Garth Cooper<sup>1</sup>*

*Dr Fiona Cram*

*Professor Graham Le Gros*

*Board Liaison Member: Garth Nowland-Foreman*

### VISION

To be an effective source of discretionary funding for health and biomedical research in New Zealand.

### MISSION/OUTCOME

The quality of New Zealand health care is improved through research.

### KAUPAPA

Lottery Health Research recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Rangahau Hauora i ngā hiahia me ngā tūmanako o te Māori, me o rātou kawa.

### OUTPUTS

In 2003-4, the Lottery Grants Board allocated \$1,914,300 to Lottery Health Research to distribute with its other funds as grants for:

- (i) research into the cause, prevention and treatment of conditions affecting the health of New Zealanders;
- (ii) research that will lead to advances in health and bio-medical science for the ultimate benefit of New Zealanders;
- (iii) the development, maintenance and retention of a workforce of well-trained and experienced health and bio-medical researchers in New Zealand.

---

<sup>1</sup> Professor Garth Cooper resigned from the Committee in May 2004.

|  |                     |
|--|---------------------|
| <b>2003-4 ALLOCATION</b>                       | <b>\$ 1,914,300</b> |
| Brought forward from the 2002-3 allocation     | \$108,650           |
| Grants written back during 2003-4              | \$69,000            |
| Grants refunded during 2003-4                  | \$38,148            |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b> | <b>\$ 2,130,098</b> |

|  |              |
|--|--------------|
| Total amount requested                           | \$13,311,813 |
| Total amount approved                            | \$2,122,707  |
| Percentage of amount requested that was approved | 15.9%        |

|                                     |       |
|-------------------------------------|-------|
| Number of applications considered   | 142   |
| Number of applications approved     | 34    |
| Proportion of applications approved | 23.9% |

|                |           |
|----------------|-----------|
| Smallest grant | \$12,514  |
| Average grant  | \$62,433  |
| Largest grant  | \$121,010 |

| <b>Timeliness</b> | <b>Number of distribution<br/>meetings scheduled</b> | <b>Number of distribution<br/>meetings held</b> |
|-------------------|--|---|
|                   | <b>1</b>   | <b>1</b>  |

Grant monitoring is now discussed in the Secretary's report on page 44.

## **PRESIDING MEMBER'S REPORT**

### **Level of funding**

A total of 140 applications for funding amounting to \$13,161,434 were considered at the meeting held in November 2003. Thirty-two grants were awarded totalling \$2,012,707 (more than the allocation thanks to write-backs and refunds). Three PhD Scholarships were approved totalling \$69,000 each (covering a period of three years). Two additional grants totalling \$110,000 were granted after the November 2003 meeting.

Priority and the grading of projects for funding were based on the scientific merit of the application as assessed by the committee and reports of referees (local and overseas). Areas that have recently received particular support include asthma, obstetrics, cancer, respiratory diseases and retinal research.

Lottery Health Research alone funds major items of shared equipment. This makes Lottery Health Research a vital component of the overall health and biomedical research funding scene in New Zealand.

The Committee has made every effort to ensure the funds it has available are used to maximise the effect by giving grants-in-aid in some cases to encourage other funders to contribute.

**Responsiveness to Māori**

The Committee is keen to contribute towards efforts to improve Māori health in association with Māori health research groups. Funding has been awarded to a Wellington School of Medicine & Health Sciences project for the recruitment of Māori into a primary-care trial to reduce diabetes risk-factors.

**Grants of note**

Examples of grants approved by the Committee are:

- \$114,729 for research into foetal programming in twins;
- \$80,000 toward the cost of a microarray fluorescence scanner for gene expression profiling.

The Committee is grateful for the support and encouragement of many members of the health-related professions within New Zealand and overseas who helped the committee in its deliberations with their detailed evaluations and took no fees.

Professor Linda Holloway  
Presiding Member  
Lottery Health Research Distribution Committee

## **LOTTERY MARAE HERITAGE AND FACILITIES**

### **Te Tahua Marae Tuku Iho Me Ngā Whakaurunga**

#### **MEMBERS**

*Hon Koro Wetere (Presiding Member)*

*Dame Georgina Kirby*

*Laly Haddon*

*Inez Kingi*

*Aroha Reriti-Crofts*

*Board Liaison Member: Josie Karanga*

#### **VISION**

To be an effective source of discretionary funding for marae facilities.

Kia noho hei mātāpuna whaioranga mō te tohatoha pūtea ki ngā whakaurunga marae.

#### **MISSION**

Marae facilities are developed and conserved.

Ka whanakehia, ā, ka tiakina hoki ngā whakaurunga marae.

#### **KAUPAPA**

The Lottery Marae Heritage and Facilities Committee will act as a responsible participant in the Treaty of Waitangi relationship with whānau, hapū, iwi and Māori.

The Lottery Marae Heritage and Facilities Committee is committed to ensuring an equitable distribution of funds to whānau, hapū, iwi and Māori organisations for the development and conservation of marae facilities.

Ka tū Te Komiti Tahua Marae Tuku Iho Me Ngā Whakaurunga kaiwhakauru whaikawenga i roto i te whānaungatanga o te Tiriti o Waitangi i te taha o ngā whānau, hapū, iwi, me te iwi Māori whānui hoki.

Kua herea Te Komiti Tahua Marae Tuku Iho Me Ngā Whakaurunga te tika o te tohatoha atu i te pūtea ki ngā whānau, hapū, iwi, me ngā rūpū Māori hoki hei whanake, hei tiaki hoki i ngā whakaurunga marae.

## OUTPUTS

In 2003-4, the Lottery Grants Board allocated **\$4,135,000** to Lottery Marae Heritage and Facilities to distribute with its other funds as grants for

- (i) the development of marae facilities;
- (ii) the conservation of marae facilities.

|   |  |   |
|---|--|---|
| <b>2003-4 ALLOCATION</b>  |  | <b>\$ 4,135,000</b>                         |
| Brought forward from the 2002-3 allocation                              |  | \$1   |
| Grants written back during 2003-4                                       |  | \$211,859                                   |
| Grants refunded during 2003-4   |  | \$1,231                                     |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>                          |  | <b>\$ 4,348,091</b>                         |
| Total amount requested  |  | \$8,267,681                                 |
| Total amount approved   |  | \$4,342,877                                 |
| Percentage of amount requested that was approved                        |  | 52.5%                                       |
| Number of applications considered                                       |  | 106   |
| Number of applications approved   |  | 75  |
| Proportion of applications approved                                     |  | 70.8%                                       |
| Smallest grant  |  | \$3,882                                     |
| Average grant   |  | \$57,905                                    |
| Largest grant   |  | \$403,000                                   |
| <b>Timeliness</b>   | <b>Number of distribution meetings scheduled</b> | <b>Number of distribution meetings held</b> |
|   | <b>3</b>   | <b>3</b>                                    |
| Grant monitoring is now discussed in the Secretary's report on page 44. |  |   |



## **PRESIDING MEMBER'S REPORT**

### **Level of funding**

The Lottery Grants Board retained the previous year's level of funding to the Lottery Marae Heritage and Facilities Committee for this period. A total of \$4,135,000 was allocated to the Committee to distribute in the 2003-4 financial year.

### **Application process**

The Lottery Marae Heritage and Facilities Committee meets three times a year. In 2003-4, the Committee considered 106 applications, an increase of 22 percent on the previous year. Seventy-five were approved, 20 declined and 32 deferred to the next meeting. The Committee has agreed in principle to distribute \$1,378,333 per meeting.

The committee expects to benefit from the decision of the Lottery Grants Board to reduce the period within which grants may be collected from two years to one, by having uncollected grant monies available for redistribution a year sooner.

### **Impact on the community**

Because of a steady increase of whānau returning home and facilities needing to meet Health and Safety requirements, applications for new marae facilities and extensions to existing ones continue to be received for consideration by the Committee. The Committee shows its commitment in meeting its outputs and priorities by funding all marae projects at a ratio of \$1.00 for every \$2.00 requested.

### **Responsiveness to Māori**

The Committee contributes to the Lottery Grants Board's mission of being responsive to the aspirations of whānau, hapū, iwi and Māori communities by acting responsibly in fulfilling Treaty of Waitangi obligations to the best of its ability.

The Committee is the major source of funding for marae facilities and contributes significantly at a regional and national level.

### **Changes to criteria**

The Committee continues to manage the heavy demands on its funds by focusing on the priority areas, which are wharenuī, wharekai and wharepaku. The Marae Heritage Committee advocates for capital works projects to have a starting date. This ensures that grants are utilised as soon as they are approved and minimises the number of grants that have to be written back.

**Grants of note**

- Mangamaunu Reservation Land Trust in the Kaikoura region: \$3882 to conduct a conservation report to enable the restoration of the whare karakia and whare tipuna, both of which have strong historical significance.
- Te Kotahitanga Marae, Whangape: \$118,000 for the first stage of a three-stage project to upgrade the marae facilities.

However, all grants approved by the Committee are notable because the funding contributes to the conservation and restoration of a national treasure, the marae.

**Future funding**

An increase in the number of applications is expected from the regions that were affected by flooding earlier this year.

Applications for feasibility studies tend to take up as much as \$60,000 per distribution meeting. The Committee is seeking the assistance of Te Puni Kokiri, under its capacity building scheme, to assist marae applicants to look at the whole marae complex, people and facilities. If successful, this will allow a few more capital works projects to be funded.

I wish to acknowledge the immense contribution by two of the Committee members whose terms expired in June of this year. Laly Haddon's and Aroha Reriti-Crofts' diligent service, and particularly their breadth of knowledge regarding marae in their respective rohe, has been greatly appreciated. I wish them well in their future endeavours.

Hon Koro Wetere  
Presiding Member  
Lottery Marae Heritage and Facilities Distribution Committee

## **LOTTERY SENIORS**

### **Te Tahua Tai Pakeke**

#### **MEMBERS**

*Reverend Peter Coughlan (Presiding Member)*

*Parehuia Aratema*

*Bette Cuthbert*

*Siale Faitotonu*

*Ray Hatwell*

*Board Liaison Member: Garth Nowland-Foreman*

#### **VISION**

To be the primary source of discretionary funding for community initiatives enhancing the well-being of older people.

#### **MISSION**

The well-being of older people is enhanced.

#### **KAUPAPA**

Lottery Seniors recognises the aspirations and needs of Māori and their protocols.

#### **OUTPUTS**

In 2003-4, the Lottery Grants Board allocated **\$2,958,000** to Lottery Seniors to distribute as grants for

- (i) social services for at-risk or disadvantaged older people;
- (ii) disability support services for older people;
- (iii) social and educational activities for older people.

|   |  |   |
|---|--|---|
| <b>2003-4 ALLOCATION</b>  | <b>\$ 2,958,000</b>                              |   |
| Brought forward from the 2002-3 allocation                              | \$129  |   |
| Grants written back during 2003-4                                       | \$15,585   |   |
| Grants refunded during 2003-4   | \$7,743  |   |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>                          | <b>\$2,981,457</b>                               |   |
|   |  |   |
| Total amount requested  | \$7,363,469                                      |   |
| Total amount approved   | \$2,981,457                                      |   |
| Percentage of amount requested that was approved                        | 40.5%  |   |
|   |  |   |
| Number of applications considered                                       | 473  |   |
| Number of applications approved   | 418  |   |
| Proportion of applications approved                                     | 88.4%  |   |
|   |  |   |
| Smallest grant  | \$500  |   |
| Average grant   | \$7,150  |   |
| Largest grant   | \$57,000   |   |
|   |  |   |
| <b>Timeliness</b>   | <b>Number of distribution meetings scheduled</b> | <b>Number of distribution meetings held</b> |
|   | <b>4</b>   | <b>4</b>                                    |
|   |  |   |
| Grant monitoring is now discussed in the Secretary's report on page 44. |  |   |

## PRESIDING MEMBER'S REPORT

Lottery Seniors contributes to the Lottery Grants Board mission of community well-being by supporting initiatives which aim to enhance the well-being of older people.

The Committee approves funding for projects and programmes that help older people remain independent in the community, rather than move to residential care. They generally fall into the category of support services for older people who are frail or have a disability, and social, recreational and education programmes for people who are more active.

### Application process

Lottery Seniors was the first committee to consider applications processed through the new Grants Online system. Forty-one per cent of applicants took advantage of the web-based option, and many expressed appreciation that the programme was easy to follow.

**Impact on the community**

Social Services which received grants included day programmes and home visiting that assisted seniors to remain in their own homes and amongst friends and neighbours known to them.

Disability support services funded include Alzheimer's, stroke, arthritis, Parkinsonism and amputees' groups, which frequently employ field officers to provide information and support. Services not only support the person with the disability but also allow carers to take a break away from their daily caregiving tasks.

The social, recreational and educational programmes funded are very wide-ranging. For example, over the last year they have included opportunities for seniors from various ethnic backgrounds to meet on a regular basis, and to maintain cultural links at the same time as they enjoy the company of other people of a similar age. Funding has also been granted towards many veterans' national reunions, assisting ex-service people to stay in touch with old comrades. SeniorNets continue to receive Lottery Seniors funding for computer equipment, enabling older people to stay connected to our society electronically.

Transport is a major issue for older people. Lottery Seniors has been able to help alleviate this problem by funding bus hire for outings, and supporting voluntary rural transport services, enabling people to attend medical appointments.

**Range of grants**

Grants ranged from a contribution of \$500 towards bus hire for a group of older people to go on outings, up to \$57,000 for the National Office of an organisation with 26 branches.

**Grants of note**

Age Concern is funded both on a national and regional levels, to a total of \$531,142 in 2003-4. The activities of this organisation are diverse, and include projects relating to important issues affecting older people.

**Changes to criteria**

Because this was the Committee's last year of operation, there were no changes to criteria. From 2004-5, funding for groups providing support and services for people over 60 will be provided through the new Lottery Community Committees.

**Future of funding**

It has been good to be part of the discussions with the other social sector Committee members regarding the realigned committee structure. The final outcome gives us a structure that will see more funds channelled into grants and a closer working together of the social sector groups. This places the Board and its committees in a favourable position for the future.

Rev Peter Coughlan  
Presiding Member  
Lottery Seniors Distribution Committee

## LOTTERY WELFARE Te Tahua Oranga

### MEMBERS

#### *National Committee*

*Judith Kirk (Presiding Member)*

*Beverley Revell*

*Peta Si'ulepa*

*Ailsa Smaill*

*Adrian Te Patu*

*Board Liaison Member: Phil Harington*

#### **Auckland Regional Subcommittee**

*Peta Si'ulepa (Presiding Member)*

*Wattie Cooper*

*Leora Hirsch*

*Judith Thompson*

*Rawson Wright*

#### **Rotorua Regional Subcommittee**

*Judith Kirk (Presiding Member)*

*Hemana Eruera*

*Tamati Reedy*

*Sandra Thompson*

*Doug Holley (until August 2003)*

#### **Wellington Regional Subcommittee**

*Beverley Revell (Presiding Member)*

*Philomena Antonio*

*Judith Karaitiana*

*Raewyn Persson*

*Michelle Pyke*

#### **Christchurch Regional Subcommittee**

*Adrian Te Patu (Presiding Member)*

*Barbara Beckford*

*Bobbi Campbell*

*Gray Crawford*

*Miriam McLetchie*

#### **Dunedin Regional Subcommittee**

*Ailsa Smaill (Presiding Member)*

*Dayle Belcher*

*Louise Nicoll*

*Lynlee Sanders*

*Andrew Wilson*

## MISSION/OUTCOME

The well-being of New Zealanders and their communities is enhanced.

## KAUPAPA

Lottery Welfare recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Oranga i ngā hiahia me ngā tūmanako o te Māori, me o rātou kawa.

## OUTPUTS

In 2003-4, the Lottery Grants Board allocated **\$10,506,000** to Lottery Welfare to distribute as grants for

- (i) services promoting the welfare of parents and families;
- (ii) disability and health support services;
- (iii) welfare services providing information and support which increases community and social participation;
- (iv) generic community welfare services;
- (v) developmental initiatives.

|  |                     |
|--|---------------------|
| <b>2003-4 ALLOCATION</b>                         | <b>\$10,506,000</b> |
| Brought forward from the 2002-3 allocation       | \$29,932            |
| Grants written back during 2003-4                | \$72,352            |
| Grants refunded during 2003-4                    | \$11,690            |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>   | <b>\$10,619,974</b> |
| <br>Total amount requested                       | <br>\$33,929,067    |
| Total amount approved                            | \$10,616,244        |
| Percentage of amount requested that was approved | 31.3%               |
| <br>Number of applications considered            | <br>1513            |
| Number of applications approved                  | 1302                |
| Proportion of applications approved              | 86.1%               |
| <br>Smallest grant                               | <br>\$500           |
| Average grant                                    | \$8,154             |
| Largest grant                                    | \$286,000           |

|                   |  |   |
|-------------------|--|---|
| <b>Timeliness</b> | <b>Number of distribution<br/>meetings scheduled</b> | <b>Number of distribution<br/>meetings held</b> |
|                   | <b>23</b>  | <b>24</b>                                       |

Grant monitoring is now discussed in the Secretary's report on page 44.



## **PRESIDING MEMBER'S REPORT**

Lottery Welfare contributes to the Lottery Grants Board mission of ensuring that the well-being of New Zealanders and their communities is enhanced by

- providing grants to not-for-profit welfare organisations that provide social services, programmes and projects assisting, supporting and empowering people at the national, regional and local level;
- providing funding for social services and various Māori initiatives benefiting Māori, since these initiatives have limited alternative sources of funding.

### **Level of funding**

A reduction of 5% in the Committee's allocation last financial year increased pressure on the funding of voluntary welfare organisations. This year's allocation of \$10,506,000 allayed concern within the not-for-profit sector, especially in relation to salary funding. The Committee was able to maintain funding levels for all successful applicant groups within the Distribution pools, minimising the impact of funding cuts on any one sector.

The Committee decided, in view of the proposed changes to the Lottery Grants Board structure and allocation processes, that it would be unwise to enlarge the scope of Lottery Welfare funding criteria or to implement large-scale policy change.

Discussions regarding the alignment of the three social sector committees increased mutual understanding of the needs of each committee, their various policies, applicant community groups and common ground. It is hoped that this will increase the cost-effectiveness of grant distribution with a more integrated approach to funding, and, more importantly, be of financial benefit to voluntary community organisations.

### **Application process**

The National Lottery Welfare Committee maintained its funding efficiency by bulk-funding several large clients, enabling more than 256 applications to be no longer individually recorded. This option is not only cost-effective but administratively beneficial for both the groups and Lottery Welfare. Bulk funding is offered to those organisations that have a single legal entity, but operate branches nationwide, such as 87 Citizens Advice Bureaux, 67 Victim Support groups and 52 Parents Centres. Another efficiency is the collated application process, in which applications from all branches of a body with regional affiliates may be considered at the same meeting.

### **Impact on the community**

During the March and June distribution rounds, Lottery Welfare regional committees took into account applications reflecting changed needs and priorities following the devastating floods of February. These included marae, voluntary groups and services.

Lottery Welfare is aware of its moral obligation to the Treaty of Waitangi and its commitment to being a funder responsive to Māori needs. It has therefore maintained Māori representation on the regional Welfare subcommittees to ensure decision-making equity.

The Lottery Welfare research project found that for all voluntary welfare organisations, whether Māori, Pacific or general, Lottery Welfare is one of only a few sources of funding for salaries and operating costs. These are critical to the ongoing provision of services to the community. Cutting-edge quality programmes cannot exist in isolation, but depend on stable and sustainable infrastructure – governance, management and financial planning. Lottery Welfare plays a vital role in supporting and enhancing the voluntary sector to meet locally and nationally identified community needs.

### **Grants of note**

People First New Zealand is the only organisation run by and for people with intellectual disabilities in New Zealand. People First was a first-time applicant to Lottery Welfare last year, yet the Committee accepted People First as a formula-based bulk-funded organisation. Until the advent of People First New Zealand, other people spoke for people with intellectual disabilities - either family members or service providers. Experts in the field believe that advocacy is a critically important element in the development of effective services for people with a learning or intellectual disability.

The organisation has been in existence since 1985-6 under the umbrella of the IHC. It is now a stand-alone body with around 50 local groups and the potential to expand further. Lottery Welfare granted a total of \$30,938 towards the salary of its executive officer and national and regional operating costs.

Relationship Services Whakawhanaungatanga (Inc) provides quality and professional counselling services nationwide, including counselling, conciliation, mediation, domestic violence prevention programmes, supervision and education courses. Lottery Welfare granted \$75,000 toward the operational costs of rural offices, a Maori counselling services subsidy, reprinting of leaflets and a youth programme.

I would like to acknowledge the work of the Lottery Welfare Distribution Committee members (national and regional) who have over the past years worked hard to ensure funding equity within the sector and shown great commitment to the voluntary, welfare and social-sector community organisations and the recipients of Lottery Welfare grants. I have enjoyed my role as the National Presiding Member of this Committee and I am pleased that this funding has had such a positive benefit on the wider New Zealand community.

Judith Kirk  
Presiding Member  
Lottery Welfare Distribution Committee

## LOTTERY WELFARE INDIVIDUALS WITH DISABILITIES SUBCOMMITTEE

### Te Komiti iti mō ngā Tāngata Takitahi he Hauā ō Rātou

#### MEMBERS

*Alison Riseborough (Presiding Member)*  
*Beverley Grammer*  
*Lynne Nicholl*  
*Ken Talbot*  
*Russell Vickery*

*Board Liaison Member: Phil Harington*

#### VISION

To actively promote community inclusion by individuals with disabilities.

#### MISSION/OUTCOME

The enhancement of the quality of life of individuals with a disability.

#### KAUPAPA

The Lottery Welfare Individuals with Disabilities Subcommittee recognises the aspirations and needs of Māori and their protocols.

E whakatau ana Te Komiti iti mō ngā Tāngata Takitahi he Hauā ō Rātou i ngā hiahia me ngā tūmanako o te Māori, me o rātou kawa.

#### OUTPUTS

Lottery Welfare Individuals with Disabilities Subcommittee has been allocated **\$3,034,000** to fund individuals with disabilities (who are not eligible for assistance from other sources) to fund the purchase of:

- (i) vehicles, scooters and other mobility equipment to increase or maintain participation, fulfilment, enjoyment and achievement in the community;
- (ii) faxes and other disability equipment to facilitate communication.

|  |                     |
|--|---------------------|
| <b>2003-4 ALLOCATION</b>                       | <b>\$ 3,034,000</b> |
| Brought forward from the 2002-3 allocation     | \$11,094            |
| Grants written back during 2003-4              | \$462,241           |
| Grants refunded during 2003-4                  | \$19,859            |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b> | <b>\$ 3,527,194</b> |

|  |             |
|--|-------------|
| Total amount requested                           | \$8,657,755 |
| Total amount approved                            | \$3,524,505 |
| Percentage of amount requested that was approved | 40.7%       |

|                                     |       |
|-------------------------------------|-------|
| Number of applications considered   | 903   |
| Number of applications approved     | 435   |
| Proportion of applications approved | 48.2% |

|                |          |
|----------------|----------|
| Smallest grant | \$225    |
| Average grant  | \$8,102  |
| Largest grant  | \$24,450 |

|                   |  |   |
|-------------------|--|---|
| <b>Timeliness</b> | <b>Number of distribution<br/>meetings scheduled</b> | <b>Number of distribution<br/>meetings held</b> |
|                   | <b>6</b>   | <b>6</b>  |

Grant monitoring is now discussed in the Secretary's report on page 44.

## PRESIDING MEMBER'S REPORT

The role of the Subcommittee is to provide New Zealanders who have a disability with the opportunity to take their place in the world. People with a disability are part of the fabric of society and it is healthy that they should be a valued and visible component of a diverse community.

### Level of funding

In 2003-4, the Subcommittee was allocated \$3,034,000 to distribute to people with significant mobility and communication related disabilities. The total amount available for distribution was boosted to just over \$3.5 million by refunds and grants (or parts of grants) not used during the year.

Although the Subcommittee was able to approve more than 400 grants, it was disappointing that this assisted fewer than half the applications the Subcommittee received.

The preferred supplier contract for mobility scooters introduced nearly six years ago continues to enable more than 50 grants to be given each year to people who would not have otherwise received assistance.

### **Application process**

The Subcommittee met six times during the year at approximately two-monthly intervals. This meant that applicants did not have to wait too long for decisions. It considered 903 applications for funding.

Most of the meetings were held as telephone conference calls rather than face to face, making significant savings in members' travel, accommodation, venue hire, catering and other incidental costs. This made more money available for distribution to the community.

### **Impact on the community**

Physical mobility is something many non-disabled people take for granted. Too many people with a disability are unable to achieve even modest goals because they cannot leave their homes - they may be unable even to access basic supplies.

Through the provision of grants for vehicles and mobility equipment, the Subcommittee is able to:

- provide people who would otherwise be unable to leave their homes with the means to gain access to, and contribute to, the community at large;
- provide much greater mobility and independence for older people. This enables them to live independently in their own homes for much longer, rather than having to move into rest homes;
- through the provision of grants for wheelchair hoists, prevent serious back injuries to full-time caregivers faced with repetitive transfers to and from a vehicle;
- contribute to the preservation of relationships by helping to ease dependency on a partner;
- contribute to the achievement or maintenance of financial independence through the provision of transport;
- improve the quality of life for both grant recipients and their families.

To provide people with disabilities with the means to be mobile is clearly an investment in the future of New Zealand. It also supports the vision of the New Zealand Disability Strategy of 'A society that highly values our lives and encourages our full participation'.

### **Grants of note**

Every grant the Subcommittee makes is of particular note because it provides its recipient with the means to participate in and contribute to their community.

### **Future funding**

The demand from applicants continues to be much higher than the Subcommittee can possibly hope to meet with the funds it has available. The Subcommittee anticipates ongoing pressure on funds from applicants who are struggling to perform essential activities of daily living such as grocery shopping, or to undertake training or employment, but who do not meet current Health funding criteria for assistance.

Unlike the Health System, where assistance with mobility is focused on safety in the home, the emphasis of the Subcommittee continues to be on enabling people with disabilities to get out of their homes and into the community.

The ever-rising cost of vehicles, vehicle modifications and other equipment will continue to create additional pressures as the Subcommittee grapples with the need to increase its maximum grant levels so that grant recipients can pay for what they need.

This has to be balanced against the needs of the overall applicant group because for a given allocation, the number of grants goes down when their value goes up. This is a very difficult issue. Nevertheless, the Subcommittee will strive to ensure that its available funds are used in ways that will best meet the needs of its applicants.

Alison Riseborough  
Presiding Member  
Lottery Welfare Individuals with Disabilities Subcommittee

## LOTTERY YOUTH Te Tahua Ohinga

### MEMBERS

*National Committee*

*Tangi Utikere (Presiding Member)*

*Daniel Gordon*

*Ekara Lewis*

*Fuailalagi Saleupolu*

*Sam Huggard*

### **Auckland Regional Subcommittee**

*Fuailalagi Saleupolu (Presiding Member)*

*Martin Kaipo*

*Richard Murray*

*Shae Ronald*

*Uesile Talaimanu*

### **Rotorua Regional Subcommittee**

*Tangi Utikere (Presiding Member)*

*Manu Caddie*

*Takiri Cotterill*

*Sonia Te Papa*

*Carole Parker*

### **Wellington Regional Subcommittee**

*Daniel Gordon (Presiding Member)*

*Lois Dawson-Mikaere*

*Trissel Mayor*

*Rosemary Lines*

*Cheryl Skelton*

### **Christchurch Regional Subcommittee**

*Sam Huggard (Presiding Member)*

*Emile Grey*

*Weni Hepi*

*Jacqueline Robinson*

*Jeffrey Te Moananui*

### **Dunedin Regional Subcommittee**

*Ekara Lewis (Presiding Member)*

*Frances Diver*

*Dean Fraser*

*Aimee Kaio*

*Jessica Wright*



## VISION

To be an effective source of community funding for youth.

Kia noho hei mātāpuna whaioranga ki te hunga taiohi.

## MISSION

To enable communities to actively support young people as they develop their potential; and to fulfil Treaty of Waitangi obligations to the fullest extent possible under the Gaming and Lotteries Act.

Kia whakamanahia ngā hāpori kia tautokona ā-tinana ā rātou taiohi i te wā e pūāwai ake ana ō rātou pūmanawa nohopuku; ā, kia whakatutukihia ngā kawenga o te Tiriti o Waitangi i raro anō i te Gaming and Lotteries Act.

## KAUPAPA - TREATY OF WAITANGI STATEMENT

Lottery Youth will:

- seek to ensure that Māori receive Lottery Youth funding on an equitable basis with non-Māori;
- provide funding to actively promote, preserve and/or protect tikanga Māori and taonga;
- acknowledge and contribute to rangatiratanga (i.e. Māori control over their own affairs) through the development and implementation of policies and procedures;
- in regard to funding projects identified as priorities by Māori and provided on a “by Māori for Māori” basis;
  - to ensure appropriate Māori representation on committees and decisions being made on a “by Māori for Māori” basis wherever appropriate and feasible;
  - to consult Māori on policies, procedures and protocols;
  - to ensure decision-making processes accommodate tikanga Māori.

Anei ngā mahi ka mahia e te Tahua Ohinga:

- ka whai rātou kia whiwhi pūtea te Māori mai i te Tahua Ohinga kia ōrite ai te nui o taua pūtea ki tā te Pākehā e whiwhi nei;
- ka hoatu pūtea hei tautoko, hei atawhai, hei manaaki hoki i ngā tikanga Māori me ngā taonga tuku iho;
- ka manakotia te rangatiratanga (arā, te pupuri a te Māori i te mana whakahaere o ō rātou mahi katoa) mā te whanake me te whakatutuki i ngā kaupapa-here me ngā huarahi;
- e pā ana ki te hoatu pūtea ki ngā mahi kua tohua e te Māori koia he mea tuatahi i runga i te kaupapa “mā te Māori mō te Māori”;
  - kia tika ai te whai wāhi atu o te Māori ki runga i ngā komiti me te whakahaere i runga i te kaupapa “mā te Māori mō te Māori” hoki i ngā wā e tika ana e taea ana;
  - ki te whiriwhiri kōrero i te taha o te Māori mō ngā kaupapa-here, ngā huarahi me ngā kawa;
  - ki te whai wāhi atu o te tikanga Māori ki roto i ngā hātepe whakatau.

## OUTPUTS

In 2003-4, the Lottery Grants Board allocated **\$4,949,000** to Lottery Youth to distribute as grants to

- (i) develop young people to reach their potential;
- (ii) meet the needs of youth at risk;
- (iii) develop and enhance young people's awareness of their cultural identity.

|   |  |   |
|---|--|---|
| <b>2003-4 ALLOCATION</b>  |  | <b>\$ 4,949,000</b>                         |
| Brought forward from the 2002-3 allocation                              |  | \$58,574                                    |
| Grants written back during 2003-4                                       |  | \$36,182                                    |
| Grants refunded during 2003-4   |  | \$17,817                                    |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>                          |  | <b>\$ 5,061,573</b>                         |
| Total amount requested  |  | \$16,439,786                                |
| Total amount approved   |  | \$5,057,472                                 |
| Percentage of amount requested that was approved                        |  | 30.8%                                       |
| Number of applications considered                                       |  | 987   |
| Number of applications approved   |  | 824   |
| Proportion of applications approved                                     |  | 83.5%                                       |
| Smallest grant  |  | \$150                                       |
| Average grant   |  | \$6,138                                     |
| Largest grant   |  | \$89,379                                    |
| <b>Timeliness</b>   | <b>Number of distribution meetings scheduled</b> | <b>Number of distribution meetings held</b> |
|   | <b>24</b>  | <b>24</b>                                   |
| Grant monitoring is now discussed in the Secretary's report on page 44. |  |   |

## PRESIDING MEMBER'S REPORT

Lottery Youth contributes to the Lottery Grants Board mission of empowered communities, through the development of life skills for young people and the enhancement of their quality of life. It fulfils an important role as a major source of discretionary funding for community initiatives that assist young people to reach their full potential.

The Committee supports positive youth development projects promoting life-skills and personal development, or interaction with their community. Projects that aim to meet the needs of youth at risk, and endeavours that enable young people to develop awareness of their cultural identity, are also fostered. The focus of the Committee is very much one of being “the fence at the top of the cliff” as opposed to “the ambulance at the bottom”.

Support for youth workers working directly with young people, through salary contributions, remains the paramount priority for the Committee. A high priority is also given to projects that benefit Māori youth, those in low socio-economic areas and those experiencing rural and social isolation. The Committee tries to provide support for new project initiatives, where appropriate and as funds permit.

### **Responsiveness to Māori**

Lottery Youth continues its commitment to fulfil Treaty obligations to the fullest extent possible under the Gaming and Lotteries Act. This commitment appears in the Committee’s mission statement and its Kaupapa/Te Tiriti statement.

Representatives of Te Atamira Taiwhenua, the Department’s kaumātua council, have continued to be included on all subcommittee vacancy panels. New committee members have undertaken Treaty of Waitangi training as it was available.

### **Responsiveness to Pacific peoples and other ethnic groups**

Lottery Youth seeks to develop and enhance young people’s awareness of their cultural identity and it encourages applications from a wide range of ethnic groups. It is particularly concerned to increase the number of applications from Pacific groups.

### **Grants of note**

The Committee has one bulk-funded client. While it appears that the Toy Library Federation of New Zealand received an extremely large grant, \$88,379, their one application covered all of its 154 branches. Pressure on funds meant that although an additional eight branches applied for funding this year, the grant had to be reduced by \$8,871.

Efforts are being made to encourage applications from Māori, Pacific and other ethnic groups. A grant of \$9,300 was made to Te Rākau Hua o te Wao Tapu for its Marae Theatre workshops with at-risk youth. The Trust’s approach, which blends theatre with in-depth youth work, has produced great outcomes for rangatahi.

### **Summary**

It is with a trace of sadness that I submit this final report for Lottery Youth, which will no longer exist as a separate entity, but be absorbed into the new Lottery Community Committees.

The Lottery Youth Committee has continued to maintain a high level of support for its stated priorities, particularly the funding of youth workers' salaries. The Committee has, where possible tagged a portion of salary grants for supervision costs in recognition of the climate in which youth workers operate. The Committee has tried to make meaningful grants to groups delivering in priority areas, but inevitably has had to decline applications that, although worthy, could not be assisted because of lack of funds.

I would like to pay tribute to the Presiding Members of Lottery Welfare, Seniors and General for the work they did on the social sector policy alignment process. This will ensure a smooth transition to the new Lottery structure. Lottery Youth has always benefited from the expertise and experience of its advisory staff on a national and regional level. They are professional, dedicated and hard-working individuals who have contributed to the success of Lottery Youth.

It has been a privilege to lead a group of people who are passionate about the communities they serve. Their community knowledge, networks and grass-roots experience has meant that Committee members have made significant grants that make a real difference in their communities. At times, making grants has been difficult given the substantial pressure on lottery funds. I thank all those who have contributed to the legacy of Lottery Youth and know that at the end of the day it has been our young people who have benefited the most. Kia manuia.

Tangi Utikere  
Presiding Member  
Lottery Youth Distribution Committee

## MINISTER'S DISCRETIONARY FUND

### Te Tahua Mā Te Minita Anō Te Tohatoha

In 2003-4, the Lottery Grants Board allocated \$150,000 to the Minister of Internal Affairs to distribute, together with funds carried forward from previous years, for charitable purposes. These purposes are outside the scope of any Lottery Distribution Committee, in accordance with the Gaming and Lotteries Act 1977.

|  |                  |
|--|------------------|
| <b>2003-4 ALLOCATION</b>                         | <b>\$150,000</b> |
| Brought forward from the 2002-3 allocation       | \$296,230        |
| Grants written back during 2003-4                | \$2,709          |
| <b>TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION</b>   | <b>\$448,939</b> |
| <br>   |                  |
| Total amount requested                           | \$1,067,762      |
| Total amount approved                            | \$63,063         |
| Percentage of amount requested that was approved | 5.9%             |
| <br>   |                  |
| Number of applications considered                | 107              |
| Number of applications approved                  | 32               |
| Proportion of applications approved              | 29.9%            |
| <br>   |                  |
| Smallest grant                                   | \$647            |
| Average grant                                    | \$1,971          |
| Largest grant                                    | \$5,000          |

## COMPLIANCE

Because this fund awards only a small number of grants each year and past levels of compliance have been high, it was not included in the audit programme for 2003-4.

## MINISTER OF INTERNAL AFFAIRS' REPORT

The Lottery Minister's Discretionary Fund provides grants for charitable purposes that are not the responsibility of any of the other distribution committees, in accordance with the Gaming and Lotteries Act 1977. Charitable projects that were eligible for assistance from the Fund in 2003-4 included overseas travel, volunteer fire-fighting services and animal welfare organisations.

**Level of funding**

The Minister's Discretionary Fund received an allocation of \$150,000 for the year 2003-4, and had \$296,230 remaining from previous years. During this period \$2,709 was written back to the Fund, providing a total of \$448,939 available for grants during the year 2003-4.

**Impact on the community**

During the year, 107 applications were considered and 32 approved, committing a total of \$63,063 in grants. Most grants contributed towards the cost of overseas travel (mainly airfares) to assist applicants to attend events that would bring benefit to the New Zealand community.

The majority of events were conferences: applicants were able to gain information on topics as wide-ranging as child abuse, youth mentoring programmes, invasive weeds and sexual health.

An overseas travel grant was also made to bring two guest presenters from Australia to the Sign Language Tutors' Association of New Zealand conference so that the New Zealand participants at the conference could benefit from their expertise.

Applications that were declined were mainly for events that had limited benefit for the New Zealand community. In order to manage the large demand on this Fund, applications from schools, sports teams and cultural groups to fund overseas travel, and applications eligible for funding from Creative New Zealand or Sport and Recreation New Zealand, were given a low priority for funding.

**Increase in applications to the Fund**

Prior to the 2002-3 financial year, the Fund was not widely publicised. Since December 2002, however, the profile of the Fund has been raised, for example with a webpage, to bring it to the attention of a wider variety of community groups. In the 2002-3 Annual Report, I noted a 75% increase in the number of applications received. This trend continued, with a further 50% increase in 2003-4. Over a two-year period, applications to the Fund have doubled. It is expected that this growth will continue as awareness of the Fund increases.

Hon George Hawkins  
Minister of Internal Affairs

## STATUTORY BODIES

### SPORT AND RECREATION NEW ZEALAND

Sport and Recreation New Zealand (SPARC) received an allocation of **\$28,217,000** from the New Zealand Lottery Grants Board in 2003-04 to improve the quality of life of all New Zealanders through participating and achieving in sport and active leisure.

This included an allocation of **\$3,480,000** for the High Performance Sports Fund distributed by the Sport Foundation to support the development of Olympic and Commonwealth Games sports and upcoming sports people.

Sport and Recreation New Zealand's report to Parliament gives full details of its expenditure of these allocations in accordance with the Sport and Recreation New Zealand Act 2002 and the Public Finance Act 1989.

### CREATIVE NEW ZEALAND

Creative New Zealand received an allocation of **\$19,467,000** from the New Zealand Lottery Grants Board in 2003-04 to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders.

This amount included an allocation of **\$914,000** to assist the Arts Foundation of New Zealand to ensure that all individuals, groups, organisations and projects in all art forms and cultures of New Zealand may reach, achieve and perform to their full potential at the highest levels of artistic expression.

Creative New Zealand's report to Parliament gives full details of its expenditure of these allocations in accordance with the Arts Council of New Zealand Toi Aotearoa Act 1994 and the Public Finance Act 1989.

### NEW ZEALAND FILM COMMISSION

The Film Commission received an allocation of **\$8,634,000** from the New Zealand Lottery Grants Board in 2003-04 to contribute to the creation of cultural capital in Aotearoa/New Zealand through popular feature films.

This included an allocation of **\$594,000** to the New Zealand Film Archive for the collection and conservation of New Zealand's film heritage.

The Commission's report to Parliament gives full details of its expenditure of this allocation in accordance with the New Zealand Film Commission Act 1978 and the Public Finance Act 1989.

## SECRETARY'S REPORT

The Community Development Group of the Department of Internal Affairs provides policy, advisory, secretariat, monitoring, accounting, public relations, information and support services to the Lottery Grants Board and the lottery grants distribution committees.

In the 2003-4 financial year, 5,189 grant applications were processed. These comprised 4,533 applications considered by committees and the Minister of Internal Affairs, 404 applications withdrawn by the applicants prior to the distribution committee meeting, and 252 ineligible applications received and processed.

The annual lottery allocations to Creative New Zealand, Sport and Recreation New Zealand and the Film Commission are administered separately from the lottery grants made by the distribution committees and the Minister of Internal Affairs' Discretionary Fund. These are monitored separately by their respective Ministries.

### SUMMARY OF 2003-4 LOTTERY GRANTS

|   |               |
|---|---------------|
| Number of applications considered                 | 4,533         |
| Number of applications approved                   | 3,400         |
| Proportion of applications approved               | 75%           |
| Total amount requested                            | \$121,942,417 |
| Total amount approved                             | \$40,898,190  |
| Percentage of amount approved to amount requested | 33.5%         |
| Smallest grant                                    | \$80          |
| Average grant                                     | \$12,029      |
| Largest grant                                     | \$1,865,000   |

Further information on trends in applications and grants, and the distribution of regional lottery grants to regions, is set out in Appendix 2.

### LOTTERY GRANTS ADMINISTRATION

| Measure   | Actual result              |
|---|----------------------------|
| Number of meetings serviced   | 72                         |
| Number of grant audits undertaken   | 1.6% (59 audits completed) |
| Administration cost per application   | \$1324                     |
| Administration cost per dollar distributed  | 7.15 cents                 |
| Percentage of Lottery Grants Board income spent on administration   | 6.61%                      |
| Staff hours spent in delivering the range of services specified in the Lottery Grants Memorandum of Understanding | 80,542                     |



**Timeliness**

|  |       |
|--|-------|
| Percentage of complete and eligible applications received before the advertised closing date that were presented to the next decision-making meeting                         | 100%  |
| Percentage of grant recipients receiving payment within 10 working days of receipt of committee approval and completed client documentation                                  | 99.6% |
| Percentage of respondents to the annual survey of applicants who rated their satisfaction with the grant application processes and advice at 3 or above on a scale of 1 to 5 | 98%   |
| Logged customer service complaints responded to within time frames specified in internal quality service documentation   | 100%* |

\* 2 complaints were received

| <b>Grant Monitoring</b>  | <b>Number of audits and investigations completed</b> | <b>Number of grants not complying</b> |
|--------------------------|--|---------------------------------------|
| Programmed audit         | 48   | 2                                     |
| Allegations investigated | 11   | 4                                     |

Of the non-compliant grants, most related to minor breaches of grant conditions. These breaches have been reported to the organisations that received the grants and the Lottery Distribution Committees that approved the grants. One case has been referred by the organisation that received the grant to the Police.

An additional 21 grants have been audited or investigated but the resulting audit reports had not been presented to the relevant Lottery Distribution Committee meetings at balance date. As a result, these audits and investigations have not been recorded as completed.

**Distribution process**

From July 2004, a new community committee structure of one National and eleven Regional Community Committees replaced the Lottery General, Youth, Welfare and Seniors committees. The regional committees are serviced by local staff and have local community decision-making members. From 1 July the new Lottery Outdoor Safety Committee will consider applications for water safety and outdoor safety projects that were previously considered by Lottery General.

During 2003-4, a review of Lottery administration processes and the implementation of the Grants Online system enabled the Department to budget administrative savings of \$600,000. These administrative savings are budgeted to increase to \$1 million in 2004-5 following the simplification of the Lottery distribution committee structure from 1 July 2004. By reducing administration costs more funds can be channelled into grants.

**Public relations highlights**

In 2003-4 the Lottery Grants Board continued to benefit from the New Zealand Lotteries Commission's television promotion of the community benefits of lottery grants.

In the latter part of 2003, the New Zealand Lotteries Commission funded the production of a series of mini-documentaries on projects that have received Lottery Grants funding. These were filmed around the country, and footage was also used in the Kiwi Winners slots, and as inserts for the live Lotto draw weekly on TV2.

## **Publications**

A reader survey of Lottery Grants *Update* magazine generated 420 returns, with two out of every five respondents reportedly reading *Update* “from cover to cover”. A majority gave the publication five on a five-point scale for being “well written and interesting”.

The six-monthly Lottery Grants *Update* magazine has been revamped, with colour pages, more prominent photographs and brighter stories.

The Record of Grants is now updated quarterly at [www.dia.govt.nz](http://www.dia.govt.nz), and no longer printed as an insert in *Update*.

## **Promotion**

Active promotion of grant allocations throughout the year, a campaign to build public awareness of the new Lottery committee structure, and publicity around more than 50 new committee appointments saw the number of newspaper articles referencing the Lottery Grants Board well up on last year.

The Board continues to maintain a reasonably high presence in the press through good news stories. More than 600 clippings were collected in the 2003–4 financial year. This compares to 223 in the first six months of 2003.

Media coverage was also buoyed by the promotion of the new Grants Online application system on the last two months of 2003.

On a day-to-day basis, the Environment and Heritage and Community Facilities Committees continued to generate the greatest number of stories.

In November 2003, the Community Development Group’s Pou Ārahi Unit placed an advertisement on the Group’s work for Māori in *Mana* magazine. This included information on how Māori groups can benefit from Lottery Grants.

## **Lotteries Commission liaison**

There is regular liaison with key staff at the NZ Lotteries Commission.

Grant information is shared with the Lotteries Commission, and opportunities are being identified for a closer alignment with the Commission in the promotion of the community benefits of lottery grants.

The Commission also regularly runs a “Community Corner” in its weekly retailer publication, profiling the allocation of lottery grants.

## **Application process**

The Grants Online system went online on November 17, 2003, enabling community groups to apply for Lottery Youth, Seniors and Welfare Grants through any computer they have access to and the Department of Internal Affairs website. Paper applications are still accepted, but there has been a good take up of the paperless system, with 53.6% of social sector applications being entered online by June 2004.

**Satisfaction surveys**

A survey by the Department of Internal Affairs Research Services found 100% of responding Distribution Committee members were satisfied with the overall quality of advice and service provided by the Community Development Group, the same as for 2002-3. Seven individual measures of satisfaction had improved, four of them to 100%.

A National Research Bureau (NRB) survey of Lottery Grants applications found satisfaction with the overall service provided by Lottery Grants was 98%, 3% higher than 2002-3 and well exceeding the 75% target. Satisfaction increased most for the time between applying for a grant and being notified about the decision, from 79% in 2002-3 to 87% in 2003-4. The proportion of respondents giving a rating of "very good" in 2003-4 increased for the majority of the individual aspects of the service.

Morag Osborne

Acting Secretary, New Zealand Lottery Grants Board

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

The Lottery Grants Board was established by the Gaming and Lotteries Act 1977 to distribute the profits of New Zealand Lotteries such as Lotto and Instant Kiwi for charitable purposes<sup>1</sup> and for specified statutory purposes. The Board is authorised to approve lottery allocations only to:

- (i) distribution committees established by the Minister of Internal Affairs to distribute lottery profits for charitable purposes;
- (ii) the Minister of Internal Affairs for distribution for charitable purposes;
- (iii) three specified statutory bodies – Sport and Recreation New Zealand, Creative New Zealand, and the New Zealand Film Commission – for expenditure in accordance with their own Acts.

The Board determines general policies to which the distribution committees must have regard and issues general directions with which the distribution committees must comply. These are reviewed annually.

The Lottery Grants Board has adopted a number of governance protocols that express its expectations of members. The Board monitors the operations of the committees and the provision of administration services, including the investment of undistributed lottery profits by the Secretary for Internal Affairs.

The Lottery Grants Board and the distribution committees are not part of the Crown and are not subject to direction by Government. Although the Board and the committees are not bound by Government policy, this is taken into account where the Board or a committee considers it to be relevant and appropriate.

### Distribution Committees

The Minister of Internal Affairs has established nine distribution committees:

- Lottery Community Facilities<sup>2</sup>
- Lottery Environment and Heritage
- Lottery General
- Lottery Health Research
- Lottery Marae Heritage and Facilities
- Lottery Science Research<sup>3</sup>
- Lottery Seniors
- Lottery Welfare
- Lottery Youth

<sup>1</sup> The Gaming and Lotteries Act defines charitable purposes as including any charitable, philanthropic, or cultural purpose and every other purpose that is beneficial to the community or any significant section of the community.

<sup>2</sup> The Lottery Grants Board decided in May 2002 to make one final allocation to Lottery Community Facilities of \$4,486,000 and to disband the committee after that was distributed.

<sup>3</sup> This committee has been phased out. It received its last allocation in 1997-8.

Each distribution committee distributes grants for a specified range of charitable purposes. The committees determine their own policies, while having regard for general Board policies and complying with general Board directions. These policies are reviewed annually. The committees determine the frequency of their distribution meetings. Most committees schedule three or four distribution meetings each year.

The distribution committees comprise five members who are appointed by the Minister of Internal Affairs for terms of up to three years. Board members are appointed by the Governor-General and are responsible for liaising with specific distribution committees. They attend committee meetings as observers. A Policy Advisory Group comprising the Presiding Members of the National Committees and the Board Liaison Members provides advice to the Lottery Grants Board on strategic and policy issues and promotes consistent lottery grants policy development. The Gaming and Lotteries Act 1977 authorises distribution committees to delegate decision-making powers to subcommittees. The subcommittees determine their own priorities within the policies set by the parent committee. The subcommittee members are appointed for terms of up to three years by the distribution committees. The committees monitor the operations of their subcommittees.

Lottery Welfare and Lottery Youth each have five regional subcommittees. The Lottery Welfare subcommittees consider all regional and local applications, regardless of the amount sought. The Lottery Youth subcommittees considered all regional and local applications requesting up to \$20,000 and salary applications for up to \$15,000. Each regional subcommittee comprises three to five members and is chaired by a national committee member. The regional subcommittees are based in Auckland, Rotorua, Wellington, Christchurch and Dunedin.

In addition, there are two national subcommittees – the Lottery Welfare Individuals with Disabilities Subcommittee, and the Pacific Provider Development Subcommittee.

### **Distribution of Lottery funding**

Lottery funds are raised from all sections of the community and the distribution committees endeavour to ensure lottery grants are equitably distributed to demographic and geographic communities throughout the country. Lottery grants are not government funds and thus do not fund services for which central and local government agencies are responsible. Instead, lottery grants fund initiatives developed by the community to meet needs identified by the community. These initiatives include many developmental activities or services which neither government nor the private sector will provide. However, they are sufficiently valued by the community for members to be prepared to voluntarily contribute labour, money or materials. The committees recognise that participation in community initiatives builds a sense of belonging and upskills individuals while providing services and activities tailored to the needs of particular communities.

When assessing applications, Lottery committees consider the value of, or the need for, the project or service, the level of community support (as demonstrated by fund-raising, voluntary labour and donated materials), and the applicant's ability to undertake the work and where appropriate, to sustain the project or service in the long term. Care is taken to ensure that lottery funding is granted to sustainable projects and that unrealistic expectations of future funding are not raised.

### Statutory Bodies

In accordance with Board policy, the Board allocates guaranteed minimum percentages of its annual income from the Lotteries Commission to Sport and Recreation New Zealand, Creative New Zealand, the New Zealand Film Commission and the New Zealand Film Archive. These percentages are:

|                                  |       |
|----------------------------------|-------|
| Sport and Recreation New Zealand | 20.0% |
| Creative New Zealand             | 15.0% |
| New Zealand Film Commission      | 6.5%  |
| New Zealand Film Archive         | 0.5%  |

In addition, the statutory bodies may receive additional allocations for special purposes such as the High Performance Sports Fund.

Sport and Recreation New Zealand is accountable to the Minister for Sport, Fitness and Leisure for the distribution and expenditure of its lottery funding. Creative New Zealand and the Film Commission are accountable to the Minister for Arts, Culture and Heritage for the distribution and expenditure of their lottery allocations.

The New Zealand Film Archive is a charitable trust which is a client of the Film Commission.

### Administration of Lottery Grants

The Lottery Grants Board does not employ staff. Instead, the Lottery Grants Board, the distribution committees, their subcommittees and the Minister of Internal Affairs' Discretionary Fund are serviced by the Department of Internal Affairs. The Lottery Grants Board is consulted on the annual administration budget before this is approved by the Minister of Internal Affairs. The Board and the Presiding Members Policy Advisory Group are consulted on the range of services purchased from the Department. These services are specified in an annual Memorandum of Understanding between the Minister of Internal Affairs and the Secretary for Internal Affairs.

Sport and Recreation New Zealand, Creative New Zealand and the Film Commission have separate administrations.

The Lottery Grants Board does not hold Accounts. Instead, the Secretary for Internal Affairs operates the bank account into which all lottery profits are paid and is responsible for the investment of undistributed lottery profits. All allocations, grants, administration costs, and other miscellaneous expenditure specified in the Act are paid from this account.

## AUDIT REPORT

### TO THE READERS OF THE NEW ZEALAND LOTTERY GRANTS BOARD'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of the New Zealand Lottery Grants Board. The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the New Zealand Lottery Grants Board, on his behalf, for the year ended 30 June 2004.

#### Unqualified opinion

In our opinion the financial statements of the New Zealand Lottery Grants Board on pages 53 to 56:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the New Zealand Lottery Grants Board's financial position as at 30 June 2004; and
  - the results of its operations for the year ended on that date.

The audit was completed on 28 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Secretary for Internal Affairs and the Auditor, and explain our independence.

#### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion

#### Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;



- reviewing significant estimates and judgements made by the Secretary for Internal Affairs;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

### **Responsibilities of the Secretary for Internal Affairs and the Auditor**

The Secretary for Internal Affairs is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the New Zealand Lottery Grants Board as at 30 June 2004. They must also fairly reflect the results of its operations for the year ended on that date. The Secretary for Internal Affairs' responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 43(1) of the Public Finance Act 1989.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the New Zealand Lottery Grants Board.

J R Smaill  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



## NEW ZEALAND LOTTERY GRANTS BOARD

### *Statement of Responsibility*

The Secretary for Internal Affairs is responsible for the preparation of the financial statements and the judgements used therein.

The attached financial statements have been prepared on the basis of generally accepted accounting principles and are consistent with Section 41 of the Public Finance Act 1989.

Internal control procedures are sufficient to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion the financial information presented in the Statements and Notes to the Financial Statements fairly reflect the financial position and operations of the New Zealand Lottery Grants Board for the year ended 30 June 2004.

Christopher Blake  
Secretary for Internal Affairs

Morag Osborne  
Acting Secretary  
Lottery Grants Board

28 October 2004

### *Statement of Purpose*

The New Zealand Lottery Grants Board exists to make decisions on the allocation of profits received from New Zealand Lotteries.

These decisions are limited to the allocations to Lottery Distribution Committees, the Minister of Internal Affairs (Discretionary Fund) and the three statutory bodies in accordance with Sections 116G, 116I and 116J of the Gaming and Lotteries Act 1977 and are detailed in Note 6 of the financial statements for "Profits of New Zealand Lotteries". The three statutory bodies named in Section 116J of the Act, are Creative New Zealand, Sport and Recreation New Zealand (SPARC), and the New Zealand Film Commission.

These financial statements comprise the accounts of the New Zealand Lottery Grants Board.

The operations of the Lottery Distribution Committees are reported in the financial statements for "Profits of New Zealand Lotteries". The operations of the Statutory Bodies are reported in the annual accounts of these entities.

## **Statement of Accounting Policies for the Year Ended 30 June 2004**

### *Reporting Entity*

The New Zealand Lottery Grants Board is defined as a Crown Entity by the fourth schedule of the Public Finance Act 1989.

These financial statements have been prepared in accordance with section 41 of the Public Finance Act 1989.

### *Measurement System*

These financial statements have been prepared on the basis of historical cost.

## ***Accounting Policies***

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

### *Budget Figures*

The budget figures are those approved by the Minister of Internal Affairs at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Secretary for Internal Affairs for the preparation of the financial statements.

### *Revenue*

Revenue comprises profits from the New Zealand Lotteries Commission. Revenue is recognised when earned and is recorded in the accounting period to which it relates.

### *Board Expenses*

Board expenses are the costs of the Board including room hire, sundry expenses, Members' travel costs and fees.

### *GST*

These financial statements have been prepared on a GST exclusive basis.

## ***Changes In Accounting Policies***

There have been no changes in accounting policies since the date of the last audited financial statements. All policies applied are consistent with those used in the previous year.

## NEW ZEALAND LOTTERY GRANTS BOARD

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

|   | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|---|------|----------------------|----------------------|----------------------|
| <i>Revenue</i>  |      |                      |                      |                      |
| Lotto and Lottery Profits                                   |      | 118,450,554          | 103,000,000          | 107,800,000          |
| Total Revenue   |      | 118,450,554          | 103,000,000          | 107,800,000          |
| <i>Less Expenditure</i>                                     |      |                      |                      |                      |
| Board Members' Meeting Fees                                 | 4    | 13,500               | 21,330               | 11,880               |
| Committee Members',<br>Fees for Presiding Members' Meetings | 4    | 13,635               | 21,060               | 21,915               |
| Other Expenses  |      | 22,951               | 53,280               | 30,749               |
| Distribution to "Profits of<br>New Zealand Lotteries"       | 1    | 118,400,468          | 102,904,330          | 107,735,456          |
| Total Expenditure   |      | 118,450,554          | 103,000,000          | 107,800,000          |
| Net Disposable Income                                       |      | 0                    | 0                    | 0                    |
| Net Surplus / (Deficit)                                     | 2    | \$0                  | \$0                  | \$0                  |

## NEW ZEALAND LOTTERY GRANTS BOARD

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

|            | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|------------|------|----------------------|----------------------|----------------------|
| Net Assets |      | \$0                  | \$0                  | \$0                  |

## **NEW ZEALAND LOTTERY GRANTS BOARD**

### **Statement of Commitments as at 30 June 2004**

At its meeting on 26 May 2004 the New Zealand Lottery Grants Board approved allocations to the Distribution Committees, the Minister of Internal Affairs (Discretionary Fund) and the Statutory Bodies amounting to \$104,500,000 for the year ending 30 June 2005. (Meeting held on 22 May 2003, allocations of \$96,054,600 for the year ended 30 June 2004).

The 2004/05 allocations will be funded by profits of \$114,000,000 based on estimates given at this time, to be received from the New Zealand Lotteries Commission. (Profits received during 2003/04 were \$118,450,554).

The Board has no other significant commitments at 30 June 2004. (2003 Nil )

*The attached accounting policies and notes to the accounts form part of and should be read in conjunction with these financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

### **NOTE 1**

#### **EXPENDITURE**

Revenue less Board expenses is reported in the financial statements of "Profits of New Zealand Lotteries".

### **NOTE 2**

#### **OPERATING SURPLUS/(DEFICIT)**

The New Zealand Lottery Grants Board ("the Board") had nil surplus or deficit for the year ended 30 June 2004 (2003: Nil), neither did it have assets, liabilities or equity as at 30 June 2004 (2003: Nil). The Board expenses were paid from a bank account operated by "Profits of New Zealand Lotteries".

Therefore it is not appropriate for the Board to produce a Statement of Movements in Equity or Statement of Cash Flows.

**NOTE 3****RELATED PARTIES**

The New Zealand Lottery Grants Board exists to make decisions on the allocation of profits received from New Zealand Lotteries. The operations of the Lottery Distribution Committees are reported in the financial statements for "Profits of New Zealand Lotteries".

The operations of the Statutory Bodies are reported in the annual accounts of these entities. The Secretary for Internal Affairs is Trustee of the profits received from the New Zealand Lotteries Commission under the Gaming and Lotteries Act 1977.

The Department of Internal Affairs provides administrative services to the New Zealand Lottery Grants Board, the Distribution Committees and the Minister of Internal Affairs on an arms length basis.

These transactions are reported in the financial statements of "Profits of New Zealand Lotteries".

**NOTE 4****DISCLOSURE OF FEES**

The total fees paid to the New Zealand Lottery Grants Board and Committee Presiding Members for attendance at Board and Presiding Members' meetings during the year 1 July 2003 to 30 June 2004, are shown in the bands and detail below.

| Range of Fees Paid | 2003/04<br>Number of<br>Members | 2002/03<br>Number of<br>Members |
|--------------------|---------------------------------|---------------------------------|
| \$0,001 - \$3,000  | 12                              | 7                               |
| \$3,001 - \$6,500  | 2                               | 5                               |
| \$6,501 - \$10,000 | -                               | 1                               |

| <b>Lottery Grants Board Members Fees</b>                                       | <b>2003/04</b>     | <b>2002/03</b> |
|--|--------------------|----------------|
| For attendance at Board meetings and as Board Liaison at Distribution Meetings | \$                 | \$             |
|  | Total Fees (Gross) |                |
| Harington, P   | 5,580              | 8,100          |
| Karanga, J   | 1,890              | 2,340          |
| Nowland-Foreman, G   | 6,030              | 3,510          |
| Sub Total  | 13,500             | 13,950         |

**Distribution Committees' Presiding Members' Fees**

For attendance at the Presiding Members Policy Advisory Group Meetings

|                 |                 |
|-----------------|-----------------|
| 13,635          | 7,965           |
| <u>\$27,135</u> | <u>\$21,915</u> |

## AUDIT REPORT

### TO THE READERS OF THE PROFITS OF NEW ZEALAND LOTTERIES' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of the Profits of New Zealand Lotteries. The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Profits of New Zealand Lotteries, on his behalf, for the year ended 30 June 2004.

#### Unqualified opinion

In our opinion the financial statements of the Profits of New Zealand Lotteries on pages 60 to 71:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Profits of New Zealand Lotteries' financial position as at 30 June 2004; and
  - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 28 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Secretary for Internal Affairs and the Auditor, and explain our independence.

#### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material mis-statements, whether caused by fraud or error.

Material mis-statements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material mis-statements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Secretary for Internal Affairs;
- confirming year-end balances;

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

### **Responsibilities of the Secretary for Internal Affairs and the Auditor**

The Secretary for Internal Affairs is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Profits of New Zealand Lotteries as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Secretary for Internal Affairs' responsibilities arise from the Public Finance Act 1989 and section 116Y of the Gaming and Lotteries Act 1977.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 43(1) of the Public Finance Act 1989.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Profits of New Zealand Lotteries.

J R Smail  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



## PROFITS OF NEW ZEALAND LOTTERIES

### *Statement of Responsibility*

The Secretary for Internal Affairs is responsible for the preparation of the financial statements and the judgements used therein.

The attached financial statements have been prepared on the basis of generally accepted accounting principles and are consistent with Section 42 of the Public Finance Act 1989 and Section 116Y of the Gaming and Lotteries Act 1977.

Internal control procedures are considered to be sufficient to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion these financial statements fairly reflect the financial position, the results of operations and the cashflows of the profits of New Zealand Lotteries for the year ending 30 June 2004.

Christopher Blake  
Secretary for Internal Affairs

Morag Osborne  
Acting Secretary  
New Zealand Lottery Grants Board

28 October 2004

### *Statement of Purpose*

These financial statements comprise the accounts of the Profits of New Zealand Lotteries.

New Zealand Lotteries are Lotteries promoted, organised and conducted by the New Zealand Lotteries Commission under Part VII of the Gaming and Lotteries Act 1977.

The profits of New Zealand Lotteries, less any costs of administration and miscellaneous expenditure, are distributed by Lottery Distribution Committees and the Minister of Internal Affairs for charitable purposes, and are expended on specified statutory purposes by the three statutory bodies named in Section 116J of the Act, being Creative New Zealand, Sport and Recreation New Zealand (SPARC) and the New Zealand Film Commission.

The New Zealand Lottery Grants Board allocates the profits of New Zealand Lotteries to the Lottery Distribution Committees, the Minister of Internal Affairs (Discretionary Fund) and the three statutory bodies in accordance with Sections 116G, 116I and 116J of the Gaming and Lotteries Act 1977.



## PROFITS OF NEW ZEALAND LOTTERIES

### Statement of Accounting Policies for the Year Ended 30 June 2004

#### *Reporting Entity*

Under the provisions of the Gaming and Lotteries Act 1977, the Secretary for Internal Affairs is responsible for keeping the accounts of the Profits of New Zealand Lotteries.

#### *Measurement System*

These financial statements have been prepared on the basis of historical cost.

#### *Accounting Policies*

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

#### *Budget Figures*

The budget figures are those approved by the Minister of Internal Affairs at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Secretary for Internal Affairs for the preparation of the financial statements.

#### *Revenue*

Revenue comprises the profits of the New Zealand Lotteries Commission, income from investments and other miscellaneous revenue.

Profits from the New Zealand Lotteries Commission are recognised when advised by the Commission, while investment and other revenue is recognised when earned and is reported in the financial period to which it relates.

#### *Depreciation*

The Department of Internal Affairs owns all of the fixed assets used by staff servicing the New Zealand Lottery Grants Board, the Distribution Committees and their Sub-Committees. An asset service charge is paid which represents the depreciation expense of the assets used.

#### *Financial Instruments*

The Secretary for Internal Affairs is party to financial instrument arrangements as part of the every day management of the Profits of New Zealand Lotteries. These financial instruments include Bank Accounts, Investments, Accounts Receivable, Accounts Payable and Loans.

All financial instruments are recognised in the Statement of Financial Position, all revenue and expenditure associated with Financial Instruments is recognised in the Statement of Financial Performance.

#### *Investments*

Premiums or discounts on investments are amortised over the life of the investment on a yield to maturity basis.

#### *Statement of Cashflows*

*Cash* means cash held in bank accounts, call deposits and other highly liquid investments, which New Zealand Lotteries invests as part of its day-to-day cash management. *Operating activities* include cash received from all income sources of the Crown entity, and records the cash payments made for the supply of goods and services.

*Investing activities* are those activities relating to the acquisition and disposal of non-current assets.

#### *Grants Approved*

The net grants approved by the Distribution Committees in the financial period are recognised as an expense in the Statement of Financial Performance.

#### *GST*

These financial statements have been prepared on a GST exclusive basis, except for accounts receivable and accounts payable in the Statement of Financial Position, which are GST inclusive.

#### *Receivables*

Accounts Receivable are recorded at estimated realisable value.

#### *Taxation*

Profits of New Zealand Lotteries are exempt from the payment of Income tax in terms of the Income Tax Act 1994. Accordingly, no charge for Income tax has been provided for.

### ***Changes In Accounting Policies***

There have been no changes in accounting policies since the date of the last audited financial statements. All policies applied are consistent with those used in the previous year.

## PROFITS OF NEW ZEALAND LOTTERIES

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

|                                     | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|-------------------------------------|------|----------------------|----------------------|----------------------|
| <i>Revenue</i>                      |      |                      |                      |                      |
| Lotto and Lottery Profits           |      | 118,400,468          | 102,904,330          | 107,735,456          |
| Interest Revenue                    | 1    | 916,429              | 900,000              | 887,179              |
| Sundry Income                       |      | 799                  |                      | 1,447                |
| Total Revenue                       |      | <u>119,317,696</u>   | <u>103,804,330</u>   | <u>108,624,082</u>   |
| <i>Less Expenditure</i>             |      |                      |                      |                      |
| Administration Expenses             |      | 2,976,772            | 2,919,933            | 3,325,874            |
| Asset Service Charge (Depreciation) |      | 159,995              | 127,000              | 87,803               |
| Audit Fee                           |      | 30,310               | 26,000               | 26,000               |
| Board and Committee Fees            | 10   | 137,660              | 181,397              | 193,109              |
| Personnel Costs                     |      | 3,786,217            | 3,900,000            | 3,956,695            |
| Public Relations                    |      | 134,615              | 220,000              | 130,896              |
| Total Expenditure                   |      | <u>7,225,569</u>     | <u>7,374,330</u>     | <u>7,720,377</u>     |
| Net Disposable Income               |      | 112,092,127          | 96,430,000           | 100,903,705          |
| Less Grants Approved                | 2    | <u>95,806,352</u>    | <u>96,071,538</u>    | <u>100,540,413</u>   |
| Net Surplus / (Deficit)             |      | <u>\$16,285,775</u>  | <u>\$358,462</u>     | <u>\$363,292</u>     |

*The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.*

## PROFITS OF NEW ZEALAND LOTTERIES

### STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

|   | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|---|------|----------------------|----------------------|----------------------|
| Equity brought forward as at 1 July                 |      | 7,502,606            | 7,502,606            | 7,139,314            |
| Net Operating Surplus / (Deficit)                   |      | 16,285,775           | 358,462              | 363,292              |
| Total recognised revenues and expenses for the year |      | 16,285,775           | 358,462              | 363,292              |
| Equity at 30 June                                   | 7    | <u>\$23,788,381</u>  | <u>\$7,861,068</u>   | <u>\$7,502,606</u>   |

*The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.*

## PROFITS OF NEW ZEALAND LOTTERIES

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

|  | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| Funds Allocated to Distribution Committees                           | 8    | 615,873              | 500,000              | 517,077              |
| Accumulated Funds  |      | <u>23,172,508</u>    | <u>7,361,068</u>     | <u>6,985,529</u>     |
| Total Funds Employed   | 7    | <u>\$23,788,381</u>  | <u>\$7,861,068</u>   | <u>\$7,502,606</u>   |
| Represented By:  |      |                      |                      |                      |
| Current Assets   |      |                      |                      |                      |
| Cash, Call Investments   | 4    | 1,774,553            | 1,200,000            | 1,129,770            |
| GST Receivable   |      | 2,245,270            | 2,000,000            | 884,781              |
| Accounts Receivable  | 5    | 15,450,554           | 0                    | 2,800,000            |
| Accrued Interest   |      | 58,293               | 12,000               | 0                    |
| Investments  | 4    | <u>21,796,275</u>    | <u>22,649,068</u>    | <u>23,876,435</u>    |
| Total Current Assets   |      | <u>41,324,945</u>    | <u>25,861,068</u>    | <u>28,690,986</u>    |
| Total Assets   |      | <u>41,324,945</u>    | <u>25,861,068</u>    | <u>28,690,986</u>    |
| Less Current Liabilities   |      |                      |                      |                      |
| Related Parties Accounts Payable<br>(Department of Internal Affairs) | 9    | 644,627              | 800,000              | 654,662              |
| Accounts Payable (Other)   |      | 141,453              | 200,000              | 124,775              |
| Grants Payable   | 2    | <u>16,750,484</u>    | <u>17,000,000</u>    | <u>20,408,943</u>    |
| Total Current Liabilities  |      | <u>17,536,564</u>    | <u>18,000,000</u>    | <u>21,188,380</u>    |
| Working Capital  |      | <u>23,788,381</u>    | <u>7,861,068</u>     | <u>7,502,606</u>     |
| Net Assets   |      | <u>\$23,788,381</u>  | <u>\$7,861,068</u>   | <u>\$7,502,606</u>   |

*The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.*

## PROFITS OF NEW ZEALAND LOTTERIES

### STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2004

|  | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| Cash Flows from Operating Activities                               |      |                      |                      |                      |
| Cash was Provided From:  |      |                      |                      |                      |
| Lottery Profits  |      | 105,800,000          | 105,800,000          | 105,000,000          |
| GST Received   |      | 0                    | 0                    | 0                    |
| Interest Received  |      | 858,136              | 888,000              | 915,340              |
| Sundry Receipts  |      | 799                  | 0                    | 1,447                |
|  |      | <u>106,658,935</u>   | <u>106,688,000</u>   | <u>105,916,787</u>   |
| Cash was applied to:   |      |                      |                      |                      |
| Grants Paid  | 2    | 99,464,811           | 99,480,481           | 108,353,013          |
| Administration Expenses  |      | 7,218,926            | 7,153,767            | 7,887,583            |
| Expenses paid on behalf of<br>the New Zealand Lottery Grants Board |      | 50,086               | 95,670               | 64,544               |
| GST paid   |      | <u>1,360,489</u>     | <u>1,115,219</u>     | <u>20,090</u>        |
|  |      | <u>108,094,312</u>   | <u>107,845,137</u>   | <u>116,325,230</u>   |
| Net Cash Flows from Operating Activities                           |      | (1,435,377)          | (1,157,137)          | (10,408,443)         |
| Cash Flows from Investing Activities                               |      |                      |                      |                      |
| Cash was provided from:  |      |                      |                      |                      |
| Net Sale of Term Investments                                       | 3    | <u>2,080,160</u>     | <u>1,227,367</u>     | <u>9,906,859</u>     |
|  |      | <u>2,080,160</u>     | <u>1,227,367</u>     | <u>9,906,859</u>     |
| Net Cash Flows from Investing Activities                           |      | 2,080,160            | 1,227,367            | 9,906,859            |
| Net Increase / (Decrease) in Cash Held                             |      | 644,783              | 70,230               | (501,584)            |
| Add Opening Cash   |      | <u>1,129,770</u>     | <u>1,129,770</u>     | <u>1,631,354</u>     |
| Closing Cash   |      | <u>\$1,774,553</u>   | <u>1,200,000</u>     | <u>\$1,129,770</u>   |
| Cash , Call Investments  |      | <u>1,774,553</u>     | <u>1,200,000</u>     | <u>1,129,770</u>     |
| Closing Cash   |      | <u>\$1,774,553</u>   | <u>\$1,200,000</u>   | <u>\$1,129,770</u>   |

*The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.*

**RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS  
WITH NET SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES  
FOR THE YEAR ENDED 30 JUNE 2004**

|   | Note | Actual<br>2004<br>\$ | Budget<br>2004<br>\$ | Actual<br>2003<br>\$  |
|---|------|----------------------|----------------------|-----------------------|
| Net Surplus/ (Deficit) per Statement of Financial Performance |      | 16,285,775           | 358,462              | 363,292               |
| Add/ (Deduct) movements in other working capital items        |      | 0                    | 0                    | 0                     |
| (Decrease) / Increase in Grants Payable                       |      | (3,658,459)          | (3,408,943)          | (7,812,600)           |
| (Decrease) / Increase in Accounts Payable                     |      | 6,643                | 220,563              | (167,206)             |
| Decrease / (Increase) Accrued Interest                        |      | (58,293)             | (12,000)             | 28,161                |
| Decrease / (Increase) Accounts Receivable                     |      | (12,650,554)         | 2,800,000            | (2,800,000)           |
| Decrease / (Increase) GST Receivable                          |      | (1,360,489)          | (1,115,219)          | (20,090)              |
| Net Cash Flows from Operating Activities                      |      | <u>(\$1,435,377)</u> | <u>(\$1,157,137)</u> | <u>(\$10,408,443)</u> |

**Statement of Commitments as at 30 June 2004**

There were no significant commitments at 30 June 2004. (2003 Nil)

**Statement of Contingent Liabilities as at 30 June 2004**

There were no contingent liabilities at 30 June 2004. (2003 Nil)

*The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### NOTE 1

#### INTEREST FROM INVESTMENTS

|                                     | Actual<br>2004<br>\$ | Actual<br>2003<br>\$ |
|-------------------------------------|----------------------|----------------------|
| Bank of New Zealand Current Account | 9,871                | 11,084               |
| Money Market Investments            | 906,558              | 876,095              |
|                                     | <u>\$916,429</u>     | <u>\$887,179</u>     |

### NOTE 2

#### GRANTS PAYABLE

|                       | Actual<br>2004<br>\$ | Actual<br>2003<br>\$ |
|-----------------------|----------------------|----------------------|
| Balance as at 1 July  | 20,408,943           | 28,221,543           |
| Plus Grants Approved  | 95,806,352           | 100,540,413          |
|                       | <u>116,215,295</u>   | <u>128,761,956</u>   |
| Less Grants Paid      | (99,464,811)         | (108,353,013)        |
| Balance as at 30 June | <u>\$16,750,484</u>  | <u>\$20,408,943</u>  |

### NOTE 3

#### STATEMENT OF CASHFLOWS NET OFF

In order to summarise the investment flows, thereby providing a more meaningful disclosure, the investment inflows/outflows have been netted.

### NOTE 4

#### FINANCIAL INSTRUMENTS

##### ***Fair Value***

Financial instruments are disclosed in the Statement of Financial Position at their carrying value, which is:

\$21,796,275 (2003: \$23,876,435)

The market value of investments at 30 June 2004 was

\$21,853,814.20 (2003: \$23,876,435)



### *Currency and Credit Risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

There is no currency risk given that all the financial instruments dealt with are denominated in New Zealand dollars.

Credit risk is the risk that a third party will default on its obligation, causing profits of New Zealand Lotteries to incur a loss.

Credit risk is reduced by investing up to fixed limits, only in New Zealand Government Stock, Government Guaranteed Stock Bank Deposit, Promissory Notes carrying a Standard and Poors rating of not less than A2 and Commercial Paper issued or endorsed by selected registered banks in New Zealand. These limits reduce the credit exposure to any one financial institution and/or financial instrument.

Concentration of credit risk with respect to accounts receivable is high, due to the reliance on the NZ Lotteries Commission for 99% of revenue for the Profits of New Zealand Lotteries. Reliance is placed in the fact that the NZ Lotteries Commission is a going concern. In addition the allocation of grants by Committees is closely monitored to ensure that commitments are matched by revenue.

### *Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Board's investments in money market investments and NZ Government Guaranteed Stock give rise to interest rate risk.

Interest rate risk is managed through investing only in short term instruments.

The following maturity and interest rate information applies to investments held at 30 June 2004:

|                           | Effective<br>Interest<br>Rate % | June<br>2004<br>Under 1 Year<br>\$ | Effective<br>Interest<br>Rate % | June<br>2003<br>Under 1 Year<br>\$ |
|---------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| Investments: Short Term   |                                 |                                    |                                 |                                    |
| Term Deposits             | 5.89                            | 5,000,000                          | 5.30                            | 6,000,000                          |
| Commercial Paper          | 6.05                            | 16,796,275                         | 5.53                            | 17,876,435                         |
| Total Current Investments |                                 | <u>21,796,275</u>                  |                                 | <u>23,876,435</u>                  |
| Cash, Call Investments    | 5.75                            | 1,774,553                          | 5.25                            | 1,129,770                          |
| Totals                    |                                 | <u><u>\$23,570,828</u></u>         |                                 | <u><u>\$25,006,205</u></u>         |

**NOTE 5****ACCOUNTS RECEIVABLE**

|   | Actual<br>2004<br>\$                           | Actual<br>2003<br>\$                |
|---|--|-------------------------------------|
| Extra profits from New Zealand Lotteries Commission | 11,000,000<br>4,450,445<br><u>\$15,450,445</u> | 2,800,000<br><br><u>\$2,800,000</u> |

**NOTE 6****ALLOCATIONS**

|  | % of Total<br>2004 | % of Total<br>2003 | Actual<br>2004<br>\$ | Actual<br>2003<br>\$ |
|--|--------------------|--------------------|----------------------|----------------------|
| <b>Distribution Committees</b>                     |                    |                    |                      |                      |
| Lottery Community Facilities                       | 0                  | 4                  | 0                    | 4,486,000            |
| Lottery Environment and Heritage                   | 6                  | 5                  | 5,494,300            | 5,494,300            |
| Lottery General                                    | 7                  | 6                  | 6,596,000            | 6,122,400            |
| Lottery Health Research                            | 2                  | 2                  | 1,914,300            | 1,914,300            |
| Lottery Marae Heritage & Facilities                | 4                  | 4                  | 4,135,000            | 4,135,000            |
| Lottery Seniors (Formerly Aged)                    | 3                  | 3                  | 2,958,000            | 2,958,000            |
| Lottery Welfare                                    | 11                 | 11                 | 10,506,000           | 10,506,000           |
| Lottery Welfare - Individuals<br>with Disabilities | 3                  | 3                  | 3,034,000            | 3,034,000            |
| Lottery Youth                                      | 5                  | 5                  | 4,949,000            | 4,949,000            |
| <b>Minister of Internal Affairs</b>                | under 1%           | under 1%           | 150,000              | 83,000               |
| <b>Statutory Bodies</b>                            |                    |                    |                      |                      |
| Creative New Zealand                               | 20                 | 20                 | 19,467,000           | 19,467,000           |
| Sport and Recreation New Zealand<br>(SPARC)        | 29                 | 28                 | 28,217,000           | 28,217,000           |
| New Zealand Film Commission                        | 9                  | 9                  | 8,634,000            | 8,634,000            |
| Total  | <u>100</u>         | <u>100</u>         | <u>\$96,054,600</u>  | <u>\$100,000,000</u> |

**NOTES**

\$96,054,600 was allocated for 2003/04 by the New Zealand Lottery Grants Board on 22 May 2003

No other allocations have been made during the year ended 30 June 2004

**NOTE 7****COMMITTEES' FUNDS**

|   | Note |              | Actual<br>2004<br>\$ | Actual<br>2003<br>\$ |
|---|------|--------------|----------------------|----------------------|
| Undistributed Committees' Funds as at 1 July              |      |              | 517,077              | 1,133,847            |
| Transfers to Accumulated Funds<br>from Defunct Committees |      | (149,452)    | (149,452)            | (76,357)             |
|   |      |              | <hr/>                | <hr/>                |
| Funds after Transfers                                     |      |              | 367,625              | 1,057,490            |
| Add Funds Allocated for the year                          | 6    | 96,054,600   |                      | 100,000,000          |
| Less Grants Approved for the year                         | 2    | (95,806,352) | <hr/>                | <hr/>                |
|   |      |              | 248,248              | (540,413)            |
|   |      |              | <hr/>                | <hr/>                |
| Undistributed Committees' Funds as at 30 June             |      |              | \$615,873            | \$517,077            |
|   |      |              | <hr/>                | <hr/>                |

**ACCUMULATED FUNDS**

|                                   |   |              | Actual<br>2004<br>\$ | Actual<br>2003<br>\$ |
|-----------------------------------|---|--------------|----------------------|----------------------|
| Accumulated Funds as at 1 July    |   |              | 6,985,529            | 6,005,467            |
| Net Surplus / (Deficit)           |   |              | 16,285,775           | 363,292              |
| Transfers                         |   |              |                      |                      |
| from Defunct Committees           |   |              | 149,452              | 76,357               |
| Add Grants Approved for the year  | 2 | 95,806,352   |                      | 100,540,413          |
| Less Funds Allocated for the year | 6 | (96,054,600) | <hr/>                | <hr/>                |
|                                   |   |              | (248,248)            | 540,413              |
|                                   |   |              | <hr/>                | <hr/>                |
| Accumulated Funds as at 30 June   |   |              | \$23,172,508         | \$6,985,529          |
|                                   |   |              | <hr/>                | <hr/>                |
| Total Equity                      |   |              | <u>\$23,788,381</u>  | <u>\$7,502,606</u>   |

**NOTE 8****UNDISTRIBUTED COMMITTEE FUNDS AT 30 JUNE 2004**

|  | Actual<br>2004<br>\$    | Actual<br>2003<br>\$    |
|--|-------------------------|-------------------------|
| <b>Distribution Committees</b>                               |                         |                         |
| Lottery Environment and Heritage                             | 0                       | 50                      |
| Lottery General  | 0                       | 11,425                  |
| Lottery General - Pacific Provider Development Subcommittee  | 214,703                 | 992                     |
| Lottery Health Research                                      | 7,391                   | 108,651                 |
| Lottery Marae Heritage & Facilities                          | 5,214                   | 0                       |
| Lottery Seniors (Formerly Aged)                              | 0                       | 129                     |
| Lottery Welfare  | 0                       | 29,932                  |
| Lottery Welfare - Individuals with Disabilities Subcommittee | 2,689                   | 11,094                  |
| Lottery Youth  | 0                       | 58,574                  |
| <b>Minister of Internal Affairs' Discretionary Fund</b>      | <u>385,876</u>          | <u>296,230</u>          |
| <b>Total</b>   | <u><u>\$615,873</u></u> | <u><u>\$517,077</u></u> |

**NOTE 9****RELATED PARTIES**

The Secretary for Internal Affairs is Trustee of the profits received from the New Zealand Lotteries Commission under the Gaming and Lotteries Act 1977.

The Department of Internal Affairs provides administrative services to the New Zealand Lottery Grants Board, the Distribution Committees and the Minister of Internal Affairs on an arms length basis.

The services provided include personnel, the provision of assets, accommodation, administration and other services costing \$6,871,742 in the 2003/04 year. (\$7,253,286) in the 2002/03 year).

At 30 June 2004 profits of New Zealand Lotteries owed \$644,627 in relation to services provided. (30 June 2003 \$654,662).

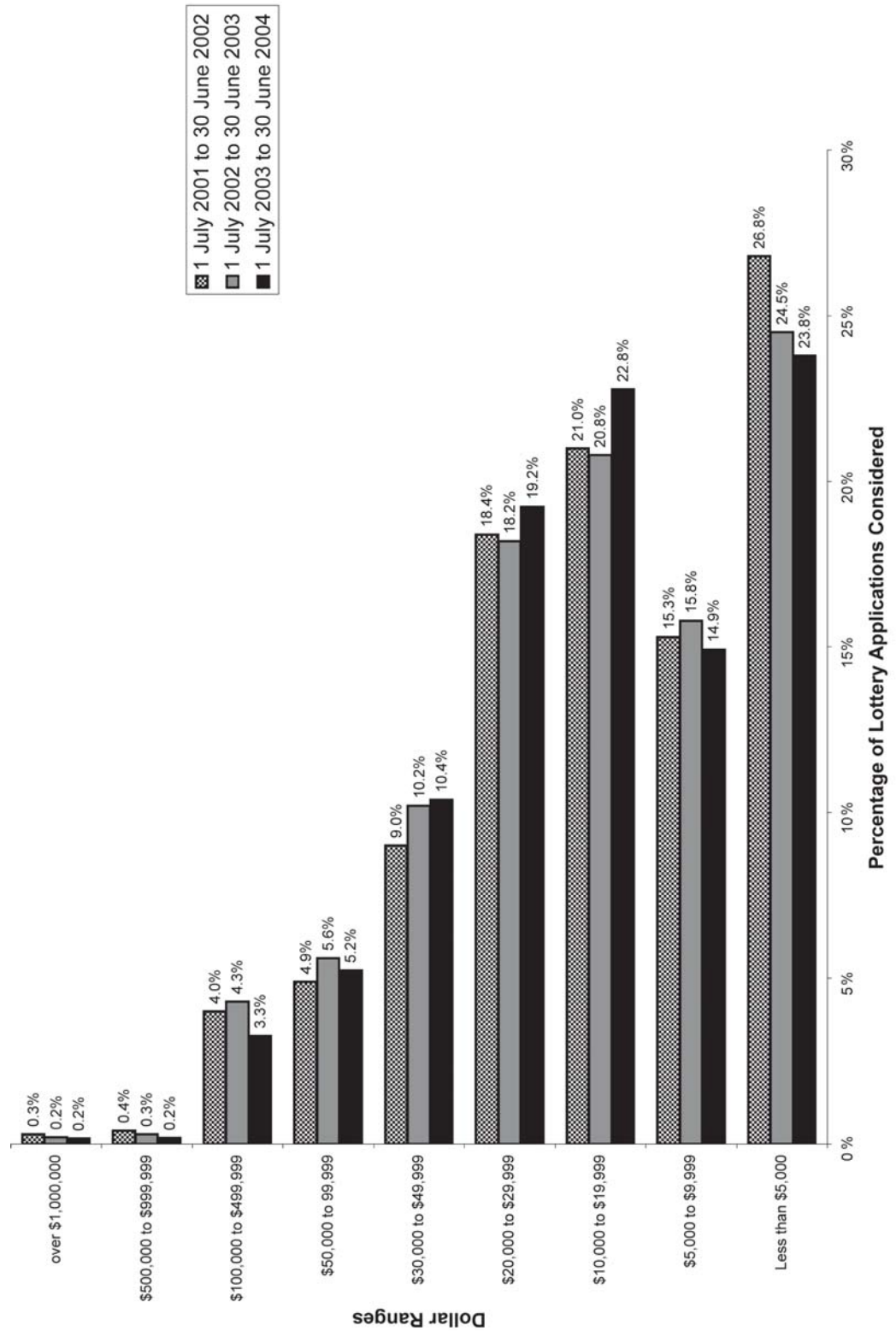
**NOTE 10****DISCLOSURE OF FEES**

The total fees paid to the Distribution Committee Members for the year 1 July 2003 to 30 June 2004, fall into the bands shown below.

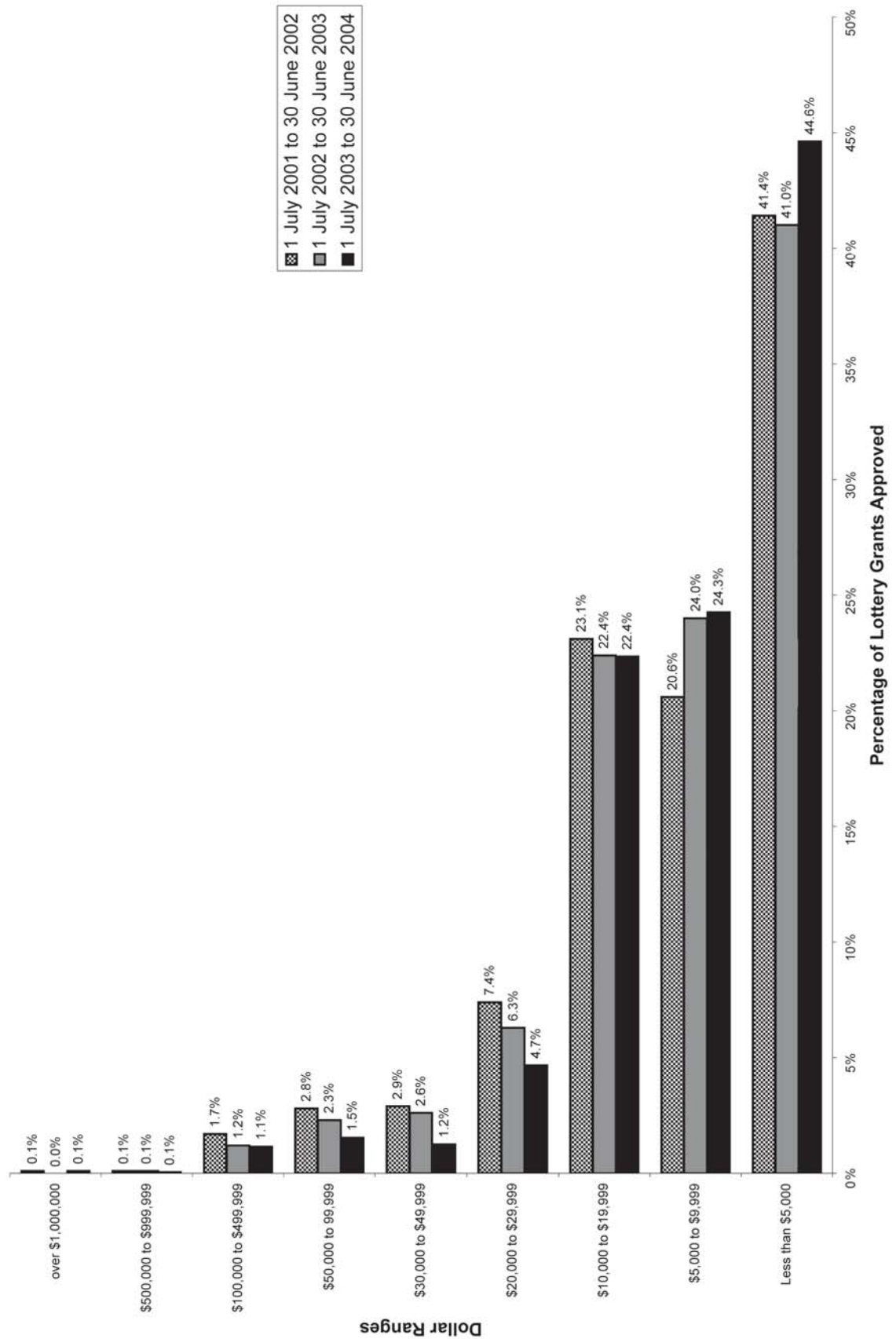
| Range of Fees Paid | 2003/04<br>Number of<br>Members | 2002/03<br>Number of<br>Members |
|--------------------|---------------------------------|---------------------------------|
| \$0,001 - \$3,000  | 70                              | 93                              |
| \$3,001 - \$6,500  | 14                              | 9                               |
| \$6,501 - \$10,000 | -                               | 1                               |
| Over \$10,000      | -                               | 1                               |

## APPENDIX: LOTTERY GRANT STATISTICS

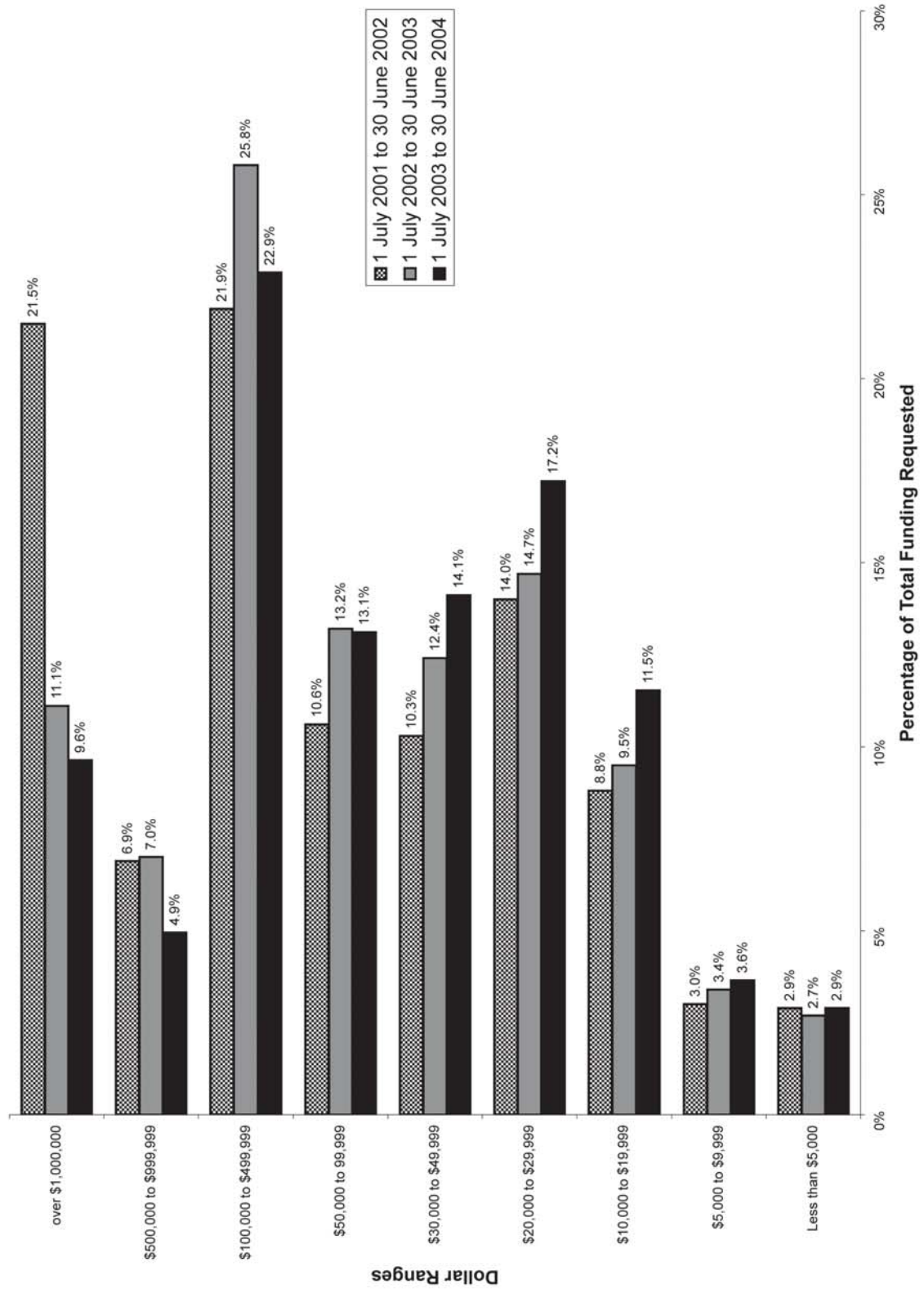
### Applications Considered in Dollar Ranges



## Grants Approved in Dollar Ranges

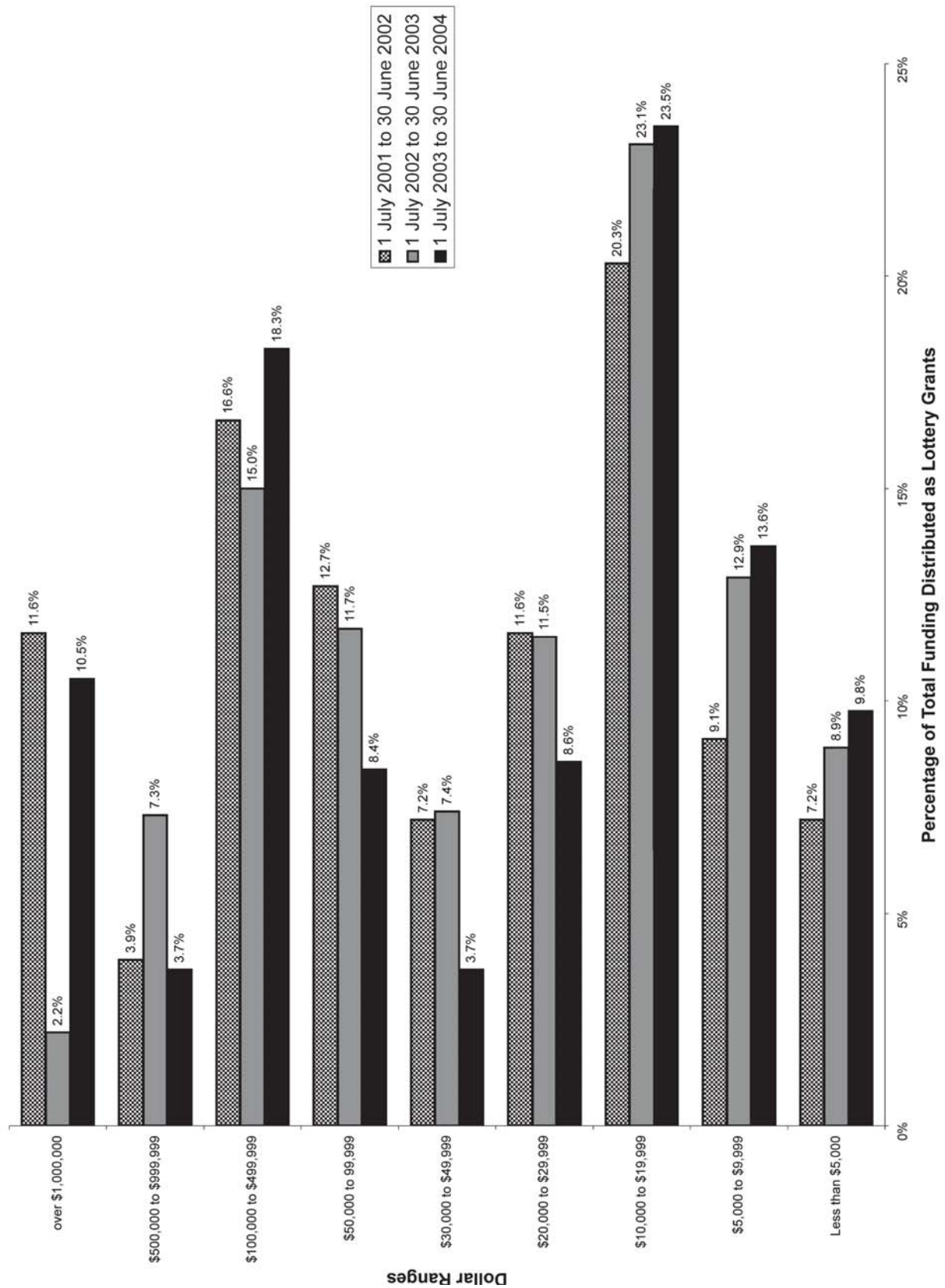


## Funding Requested in Dollar Ranges



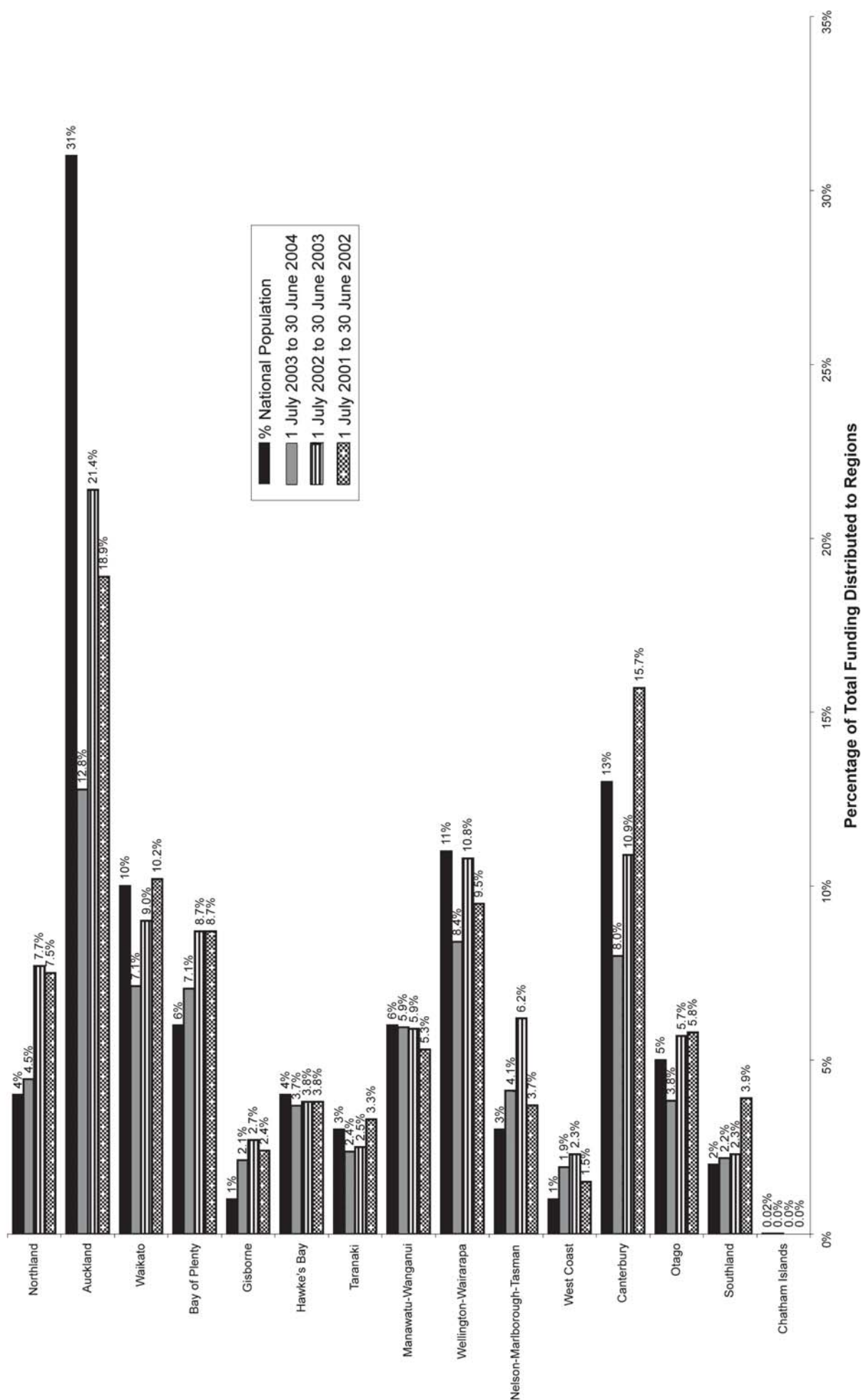


## Funding Distributed in Dollar Ranges





## Funding Distributed to Regions





NEW ZEALAND

***Lottery Grants Board***

TE PUNA TAHUA  
*Funded from the profits of Lotto*